



BARBADOS NATIONAL OIL COMPANY LIMITED



ANNUAL REPORT 2024

ANNUAL REPORT AND AUDITED STATEMENTS

2024



TABLE OF CONTENTS

| | |
|--|-----------|
| Mission Statement | 3 |
| Vision Statement | 3 |
| Corporate Information | 4 |
| Board of Directors | 6 |
| Message From Board of Directors | 8 |
| Corporate Profile | 14 |
| Technical and Operations Overview | 16 |
| Commercial Overview | 20 |
| Terminal Overview | 28 |
| Renewable Energy Report | 34 |
| Health, Safety, Security and Environmental (HSSE) Overview | 38 |
| Human Resources Overview | 39 |
| Information Technology Overview | 43 |
| Financial Overview | 45 |
| Audited Consolidated Financial Statements | 47 |
| Independent Auditor's Report | 49 |
| Notes to Consolidated Financial Statements | 58 |



MISSION STATEMENT

To create a diverse, optimised product portfolio by sourcing the best pricing and quality for energy solutions while maximising the benefits of renewable energy sources and ensure our legacy operations of hydrocarbon product remains economical

VISION STATEMENT

To be Barbados' leading integrated energy company for the provision of innovative, reliable and affordable energy products and services.

CORPORATE INFORMATION

Registered Office

Woodbourne, St Philip, Barbados

Shareholders

Government of Barbados

National Petroleum Corporation

Attorneys-At-Law

Mr. Roger C Forde, KC

Mr. Barry Gale, SC

Ms. Karen Perreira

Corporate Secretary

Mrs. Donna Harris-Thornhill

Auditor

PricewaterhouseCoopers SRL

Board of Directors – Barbados National Oil Company Limited (BNOCL or the Company)

Mr. Victor A Fernandes - Chairman

Dr. Asquith Thompson - Deputy Chairman, Representative of National Petroleum Corporation

Mr. Andrew Gittens - Permanent Secretary, Ministry of Energy and Business (Resigned August 8, 2023)

Mr. Kevin Hunte - Permanent Secretary, Ministry of Energy and Business (Appointed September 1, 2023)

Ms. Averill Brathwaite - Representative of the Ministry of Finance, Economic Affairs and Investment

Mrs. Collette Applewhaite

Ms. Stephanie Catling-Birmingham

Dr. Erwin Edwards

Mr. Ross Maynard

Mrs. Andria Shepherd-Payne

Ms. Liesel Weekes

Board of Directors – Barbados National Terminal Co. Ltd. (BNTCL or the Terminal)

Mr. Victor A. Fernandes - Chairman

Mr. Herbert Yearwood - Deputy Chairman (Deceased - June 15, 2024)

Mr. Andrew Gittens - Permanent Secreter, Ministry of Energy and Business (Resigned August 8, 2023)

Ms. Keisha Reid - Deputy Permanent Secretary, Ministry of Energy and Business (Appointed September 1, 2023)

Ms. Averill Brathwaite - Representative of the Ministry of Finance, Economic Affairs and Investment

Ms. Lasandra Bobb

Ms. Jamila Burgess

Ms. Alexandra Daniel

Mrs. Andria Shepherd-Payne

Mr. David Staples

Ms. Lana Trotman

Senior Management

Mr. James Browne - Chief Executive Officer

Mr. Ashley Bignall - Chief Financial Officer

Mr. Ronnie Gittens - Group Human Resources Manager

Mr. Terrance Straughn - Chief Operations Officer

Mr. Wesley Carter - Commercial Manager

Mr. Pedro Bushelle - Group Information Technology Manager

Mrs. Carolyn Forde-Bryan - Internal Auditor

Mr. Damien Catlyn - Group Health, Safety, Security & Environmental Manager

Ms. Karen Austin - Fuels Terminal Manager

BOARD OF DIRECTORS



Mr. Victor A Fernandes
Chairman - BNOCL / BNTCL



Dr. Asquith Thompson
Deputy Chairman - BNOCL



Ms. Stephanie Catling-Birmingham
BNOCL



Mr. Ross Maynard
BNOCL



Mrs. Averill Brathwaite
BNOCL / BNTCL



Dr. Erwin Edwards
BNOCL



Mr. Kevin Hunte
BNOCL
Appointed September 1, 2023



Mr. Andrew Gittens
BNOCL / BNTCL
Resigned August 8, 2023



Mrs. Collette Applewhaite
BNOCL

BOARD OF DIRECTORS
CONTINUED



Ms. Liesel Weekes
BNOCL



Mrs. Andria Shepherd-Payne
BNOCL / BNTCL



Mr. Herbert Yearwood
Deputy Chairman - BNTCL
Deceased June 15, 2024



Ms. Keisha Reid
BNTCL
Appointed September 1, 2023



Ms. Jamila Burgess
BNTCL



Ms. Alexandra Daniel
BNTCL



Mr. David Staples
BNTCL



Ms. Lana Trotman
BNTCL



Ms. Lasandra Bobb
BNTCL



MESSAGE FROM THE
BOARD OF DIRECTORS
*BNOCL's commitment to
the people of Barbados*

MESSAGE FROM THE BOARD OF DIRECTORS

BNOCL's commitment to the people of Barbados

We are proud to state that during the financial year ended March 2024, the Board of Directors and the staff worked diligently to deliver on the Company's promises to the people of Barbados, i.e. to continue to produce and supply quality products at the most competitive price.

Even though the year was challenging, the boards and staff took the time to celebrate the fortieth (40th) and the twenty-fifth (25th) years of operations of Barbados National Oil Company Limited (BNOCL) and the Barbados National Terminal Co. Ltd (BNTCL) respectively. The BNOCL Group collectively rebounded commercially and operationally from the collective challenges emanating from COVID, the Russian-Ukraine War and the global product acquisition challenges. Ultimately, the Group showed net income for the year of \$34,160,913 versus \$1,202,134 at FY23 resulting in a net increase in cash and cash equivalents for the year of \$13.8 million versus \$1.99 million generated from the previous year. The collective teams worked well with all stakeholders, including but not limited to the Government of Barbados, the Ministry of Energy and Business, the offtakers and supply partners to allow us to deliver products to the satisfaction of the Barbadian people and government.

One of our main accomplishments was the improved security of supply for all products (gasoline, diesel, fuel oil (asphalt production), fuel oil (BLPC and commercial), natural gas and renewable products such as solar pv and batteries). This brought a heightened level of assuredness to the Barbadian domestic and commercial sectors.

PRINCIPAL ACTIVITY

We successfully continued with our transition from a Barbadian-focused, oil-based trading and production company to a diversified energy business, with a continual focus on access to global technology and modern-day innovation which drives the transformation of energy development at the Company.

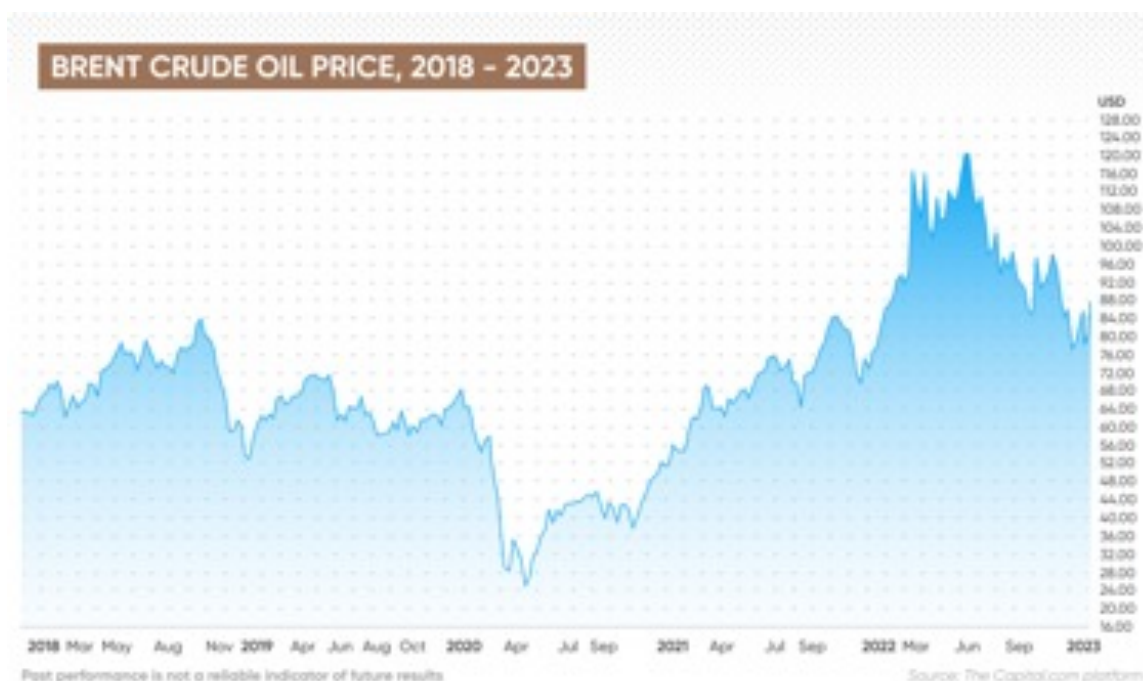
The BNOCL Group persisted with its strategic emphasis on maintaining local oil and natural gas exploration and production, sourcing, importing and storing critical fossil fuel energy products while pursuing national energy transformation to renewable energy. BNOCL's core business is the exploration of fossil fuels but the Group continued on the pathway of the national initiative towards a change of the local energy sector from fossil fuels based to renewables. While one major goal has been the reduction of CO2 emissions and its associated climate impacts, another of BNOCL's principle objectives is national energy security; a critical element of any small island developing state.

MESSAGE FROM THE BOARD OF DIRECTORS

BNOCL's commitment to the people of Barbados

C O N T I N U E D

● IMPROVING SECURITY OF SUPPLY FOR FUELS IN BARBADOS



www.reuter.com (2024)

Over the course of the 12 month fiscal 2023 period, Brent Crude Oil peaked at a high of US\$124/barrel as opposed to the peak in FY24, which was US\$96/barrel. With that being said, the security of supply for the purchase of the energy fuel stock in FY23 was threatened as our monthly working capital was stretched when the purchase price of these fuels was commensurate with the global crude oil price.

In FY24, gasoline and diesel purchases cost the country approximately \$30 million less as compared to the previous year with minimal difference in the volumes purchased. While the cost of heavy fuel oil increased in price during FY24, the security of supply of the product improved significantly as product deliveries were on-time and product quality was at a high level. BNOCL's continued compliance with Barbados Light & Power Company's (BLPC) specific quality standards and that of other commercial entities was paramount to maintain the high level of service standards being provided within the Barbadian commercial and business environment.

MESSAGE FROM THE BOARD OF DIRECTORS

BNOCL's commitment to the people of Barbados

C O N T I N U E D



www.eia.gov

Additionally, due to the nature of the global demand for liquefied natural gas emanating from supply shortages within the UK, European and Asian markets, the prices and operational spend in FY23 increased thus resulting in additional pressures on the Company's working capital.

In FY 24 however, LNG prices were lower when compared with FY23 as a result of record-high natural gas production and rising natural gas inventories. The monthly average Henry Hub price was below US\$3.00/MMBtu in every month except January. In fact, Henry Hub natural gas price averaged US\$2.57 per million British thermal units (MMBtu) in FY24, an approximate 62% drop from the FY23 average annual price.

The lower cost of purchasing and maintaining inventory facilitated the process of improving the overall security of energy products.

In a move to further bolster the security of LNG supplies, BNOCL contracted a second supplier, from a different port with varying shipping schedules to ensure that product availability and competitive pricing would be safeguarded.

Emphasis on storage quantities

The Group prides itself in maintaining a high level of security of supply for the fuels we purchase. During FY23, BNOCL did not quite meet the optimum fuel days storage for all the products. However, we sought in FY24 to return to the 21-28 days storage for liquid energy fuels over the 12 month fiscal period. It is imperative that the optimal storage days are achieved, in particular fuel oil (BLPC), to ensure that the country's electrical supply is stable, especially within critical periods such as the hurricane season and the winter tourist season. Likewise, in the case of natural gas, we continued to establish

MESSAGE FROM THE BOARD OF DIRECTORS

BNOCL's commitment to the people of Barbados

C O N T I N U E D

local storage to mitigate against any supply outages such as hurricanes and force majeure occurrences. In fact, the security of supply is critical to all fuels as the role of BNOCL in providing energy for cooking, transport, manufacturing and even road paving is vital to the ongoing development of the country.

● **EMPHASIS ON THE COUNTRY RESILIENCY THROUGH THE DEVELOPMENT OF R.E. PROJECTS**

During the course of FY24, the Barbados Light & Power Company (BLPC) advised that the grid, in its current configuration, could only accommodate 100 MW of renewable energy generation capacity. Furthermore, investments in BLPC's energy storage and other technologies were required before further expanding the grid. As a result, the growth of the renewable energy market contracted significantly while the framework for the battery storage programme is being implemented. We continued with our domestic, commercial and utility installations, albeit at a lesser pace as a result of these electricity grid constraints.

BNOCL, along with NPC, issued a request for proposals for the development of a small-scaled battery unit as part of the Ministry of Energy and Business' pilot study in the area of battery storage. This project was one of the initiatives of the Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA (the Project) which is funded by the Inter-American Development Bank (IDB). Another highlight of this Project was the erection of three wind masts which will be used to collect wind data within the St. Lucy and St George parishes as part of the technical and commercial due diligence for additional installation of on-shore wind turbines. As part of its resilience initiatives, the Commercial team continued to offer and distribute its solar generators for home and small business usages.

Research and development in the biodiesel and biogas space further illustrated the Company's diversity in renewable energy. We partnered with local entrepreneurs to utilize waste products into commercial ventures to further advance and expand the renewable energy thrust.

● **COMMERCIAL DIVERSITY - BUNKERING**

We are well aware that carbon emissions from electrical generation and from vehicular traffic is a significant portion of the country's greenhouse gas emissions. However, the emissions from cargo and cruise ships emits globally 1,000 Mt CO₂ per year, which is 3% of global CO₂ emissions. BNOCL, BNTCL and NPC collaborated with a major cruise line company to further develop the LNG bunkering initiative as 1) an added element to the Barbados' home port portfolio and 2) a critical step towards the reduction of CO₂ emissions since LNG produces significantly less greenhouse gas emissions than liquid fuels (fuel oil, diesel, etc).

MESSAGE FROM THE BOARD OF DIRECTORS

BNOCL's commitment to the people of Barbados

C O N T I N U E D

● OFFSHORE INITIATIVES

BNOCL collaborated with the Ministry of Energy and Business on the development of the offshore sector, including but not limited to:

- BNOCL access to Woodside and CONOCO 3D offshore data to undertake technical and economic evaluations.
- Procurement of specialized workstations for the two entities.
- Investigating the digitization of paper, magnetic tape and other legacy data to modern formats.

Nonetheless, the next steps in the offshore may focus on direct negotiations as opposed to bid rounds. There is potential to present a total offshore package inclusive of renewable energy technology for future rollout.

● AMALGAMATION OF BNOCL & NPC

The Cabinet of Barbados re-emphasized the need to improve the accountability and performance in the public sector and consequently instructed the respective Boards to recommence the thrust of the amalgamation. Over the past few years, the BNOCL Group and NPC have encountered many fiscal constraints and operational challenges and there is a natural impetus to combine services and resources. The Boards and management under the purview of the Ministry of Energy and Business have operationalized efforts to bring the desired outcome to fruition.

● THE PEOPLE... LAST BUT NOT LEAST

People are the most important part of the Group. Everything we have built in the BNOCL Group was built by our people. We, the Board of Directors are very aware of their importance in everything we do. The continuous inputs from the employees allowed us to consistently find better ways of advancing our initiatives. The people keep us relevant and push the company to meet each request and deliverables from our customers. We pride ourselves on being the pioneers of technological advancements and our technical and administrative staff, from the clerks to management and general workers to engineers, are the brains behind the successes.



CORPORATE PROFILE

The Barbados National Oil Company Limited, (a continuation of Mobil Exploration Inc. after they ceased onshore exploration and production operations in Barbados) was established on January 17, 1986.

The Company's legacy business is the economic exploration and production of the country's hydrocarbon potential onshore Barbados. Its portfolio is equally supported by its trading and marketing division which seeks to ensure that energy products are supplied to the country at the most competitive prices on a sustainable, efficient and reliable basis.

BNOCL has constantly pursued the diversification of the energy mix in the country, particularly as it relates to alternative energy sources for commercial and industrial purposes. The objective of this policy direction is to assist in reducing the country's dependence on imported fossil fuels, thereby reducing the demand for foreign exchange while contributing to the protection of the environment.

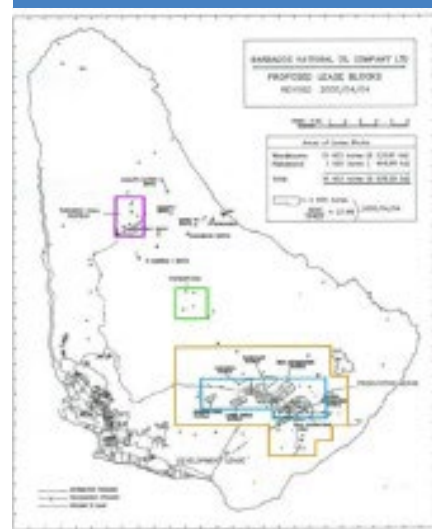
The Company has taken into consideration the challenges being posed by the global energy transition and continues to accelerate investments in renewable energy technologies and low carbon solutions as part of a broader effort to transition its onshore oil, gas and production business to a full-fledged, integrated energy company. This includes the development of solar and wind energy, investments in battery storage and research into the use of hydrogen, liquefied natural gas and bio fuels. These efforts are reflective of the Company's commitment to championing the transformational goals outlined in the Barbados National Energy Policy and supporting the island's strong climate advocacy.

BNOCL'S OPERATIONS

BNOCL's upstream operations are onshore only and are conducted under a Mineral Lease Agreement with the Government of Barbados. This lease agreement authorises the Company to carry out exploration and production activities in an area of 16,438 acres (6,652.2 hectares) in the parishes of St Philip, St George, St Thomas and St Andrew as shown in Figure 1. In its operations, the Company employs various enhanced recovery techniques on low-producing wells to increase the rate of recovery.

A number of distinct geological providences in the Woodbourne area; namely Central and West Woodbourne, Lower Greys, Hampton and Edgcombe are the main production sites of the Company's crude oil. This locally produced crude oil is stored at the Terminal at Fairy Valley, Christ Church for shipment to Petrojam Jamaica. Up until September

Figure 1: Map of Barbados showing the four locations making up the Mineral Lease.



2018, the crude oil was sold to Petrotrin (Trinidad), where it was refined at Point-a-Pierre Refinery under a Processing Agreement.

BNOCL has a 30.4% equity interest in an associated company, Asphalt Processors Inc.(API)

● OFFSHORE EXPLORATION

BNOCL continues to administer the Government's carried interest in respect of the Carlisle Bay and Bimshire offshore blocks which are currently licensed to the Australian exploration company, Woodside Energy (which merged with BHP Billiton in 2022). Following its encouraging seismic survey results, Woodside elected into the second optional phase of exploration for the Bimshire block and was granted additional time by the government to undertake further geological and geophysical studies to de-risk exploration in the Carlisle Bay block. Shell acquired a 40% minority interest share in each of the two blocks and is expected to bring its vast deep water experience to bear in helping Woodside explore Barbados' offshore. BNOCL is part of the Barbados Offshore Development Team whose purpose is to advance the progress of the exploration.

Composition of the Group: The BNOCL Group comprises three (3) wholly owned subsidiary companies

Barbados National Oilfield Services Limited (BNOSL) was incorporated in 1996 to provide the services of Operator under a Production Sharing Contract (PSC). Subsequent to the conclusion of that PSC in 2004, BNOSL was retained to execute the exploration and production activities on behalf of the parent company.

Barbados National Terminal Co. Ltd. was incorporated in 1998 following the closure of the Mobil refinery. Its purpose is to manage the storage and distribution of gasoline, diesel and heavy fuel oil, as well as the storage and exportation of crude oil on behalf of the Group. BNTCL also stores aviation (jet) fuel and kerosene on behalf of the major oil companies. BNTCL's terminal which was constructed in 2004, commenced operations at the temporary Needham's Point Facility in St Michael. It currently operates from its state-of-the-art terminal at Fairy Valley, Christ Church.

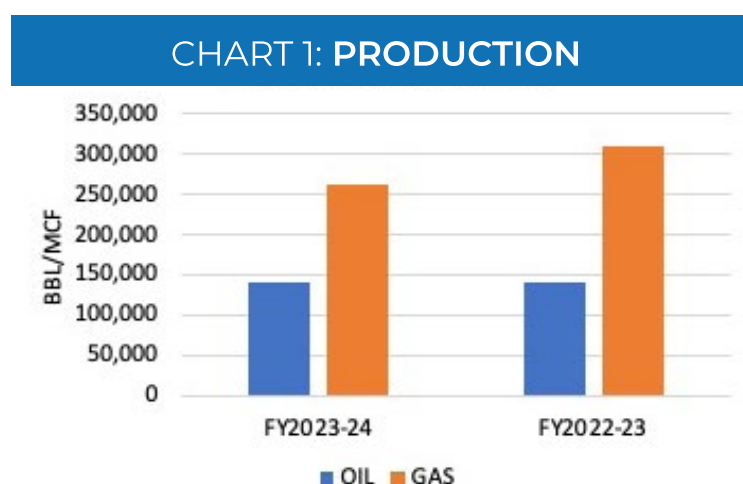
Heavy fuel oil is handled at the SOL Terminal at Holborn, St Michael under a long-term lease agreement with SOL Standard Oil S.A. The decision to use the Holborn Terminal for fuel oil was partially influenced by its proximity to the Barbados Light and Power (BL&P) power generating plant at Spring Garden, which consumes approximately 95% of the imported heavy fuel oil.

Barbados National Oil Holding Company Limited (BNOHCL) manages certain real estate assets owned by the Group.

TECHNICAL AND OPERATIONS OVERVIEW

● CRUDE OIL & NATURAL GAS PRODUCTION (CHART 1 BELOW)

Oil production was sustained during the financial year 2023-24, increasing by less than 0.5% in comparison to the previous fiscal year, while gas production decreased moderately by 16%. The expected natural and mechanical decline of the aging field was overcome by a combination of the successful recompletion of Lower Greys well #26, production of shut-in temporarily abandoned wells which had recharged and work performed under the Enhanced Recovery and Cementation contract with Trinidadian company T N Ramnauth and Company Limited. While the oil production from Lower Greys #26 was significant, the volume of associated gas was small. Additionally, the production of associated gas from the temporarily abandoned wells has little impact on the production, hence the moderate decline for the gas stream:



| PRODUCTION | | | |
|------------|-----------|-----------|--------------|
| PRODUCT | 2023-2024 | 2022-2023 | % DIFFERENCE |
| OIL (bbl) | 140,361 | 139,982 | 0.3 |
| GAS (mcrf) | 262,199 | 311,243 | (16) |

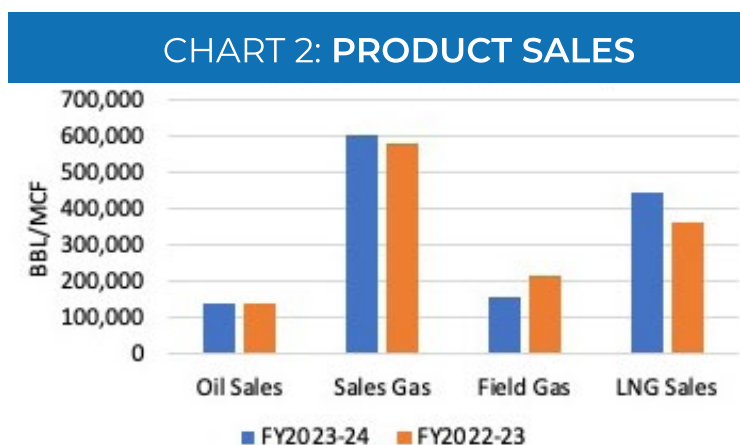
● CRUDE OIL & NATURAL GAS SALES (CHART 2 ON PAGE 17)

Crude oil sales behavior during the financial year 2023 to 2024 mirrored that of crude oil production demonstrating that crude sales kept pace with crude production. Crude oil sales during the financial year 2023-2024 increased marginally by 0.3% when compared to the previous financial year. Sales Gas returned to almost pre-Pandemic levels in response to the worldwide rebound in travel and tourism. Gas sales during the financial year 2023-2024 increased by 4% in comparison to the previous financial year, with LNG sales increasing by 22% while Field Gas sales decreased by 27%. Since 2016, Sales Gas

TECHNICAL AND OPERATIONS OVERVIEW

C O N T I N U E D

has been a mixture of gasified imported liquefied natural gas (LNG) and gas produced by BNOCL's wells referred to as Field Gas. A comparison of the relative contributions of gasified LNG and Field Gas to Sales during the financial year 2023-2024 and financial year 2022-23 shows significant changes. During the financial year 2023-24 the contribution of Field Gas declined from 37% to 26%, while LNG's contribution increased to 74% from 63% in the same period:

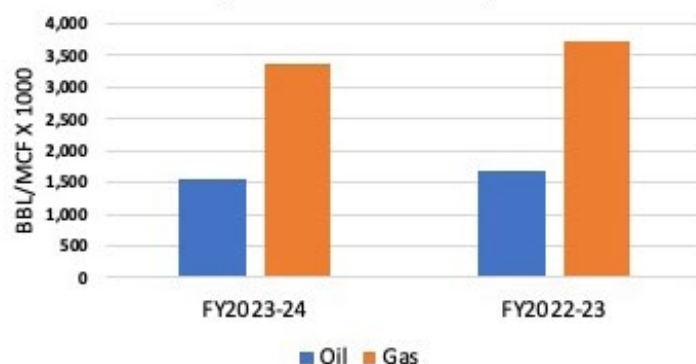


| PRODUCT SALES | | | |
|-----------------|-----------|-----------|--------------|
| PRODUCT | 2023-2024 | 2022-2023 | % DIFFERENCE |
| OIL (bbl) | 140,121 | 139,725 | 0.3 |
| Sales Gas (mcf) | 603,329 | 581,403 | 4 |
| Field Gas (mcf) | 157,108 | 215,736 | (27) |
| LNG (mcf) | 446,221 | 365,667v | 22 |

RESERVES (CHART 3 ON PAGE 18)

At April 1, 2024 crude oil reserves were assessed at approximately 1.54MMbbl and gas reserves at 3.38BCF – a reduction of 8% and 10% respectively in comparison to the assessment a year ago of 1.68MMbbl and 3.73BCF gas. These changes are the result of general field decline and the less favourable environment for the assessment due to increased operating costs. The workover, recompletion and enhanced recovery activities need to be executed with greater intensity to address the natural and mechanical decline:

CHART 3: RESERVES



| RESERVES | | | |
|-----------|-----------|-----------|--------------|
| PRODUCT | 2023-2024 | 2022-2023 | % DIFFERENCE |
| OIL (bbl) | 1,541,793 | 1,676,611 | (8) |
| Gas (mcf) | 3,378,036 | 3,733,703 | (10) |

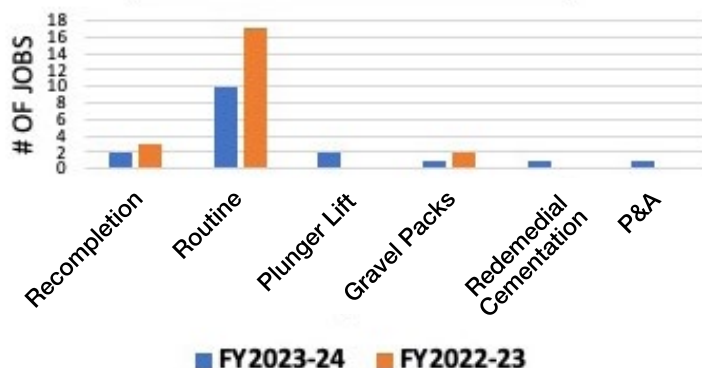
WORKOVERS (CHART 4 ON PAGE 19)

A total of 17 workovers were performed in FY 2023-24 – 5 fewer than in the previous FY. In FY 2023-24 four (4) workovers were performed in areas with no activity in FY 2022-23 - plug back & abandonments (1), plunger lift installations (2) and remedial cementations (1). The reduction in workover activity resulted from the unavailability of stock items and the required personnel at critical times, combined with downtime on workover equipment as well as the unavailability of service provider T N Ramnauth and Company Limited (TNRCL). Changes made to the service providers operations and concerted efforts in-house to ensure that required stock items and personnel are available should result in an improved activity level and outcomes in FY 2024-25:

TECHNICAL AND OPERATIONS OVERVIEW

C O N T I N U E D

CHART 4: WORKOVER ACTIVITY



NUMBER OF WORKOVERS

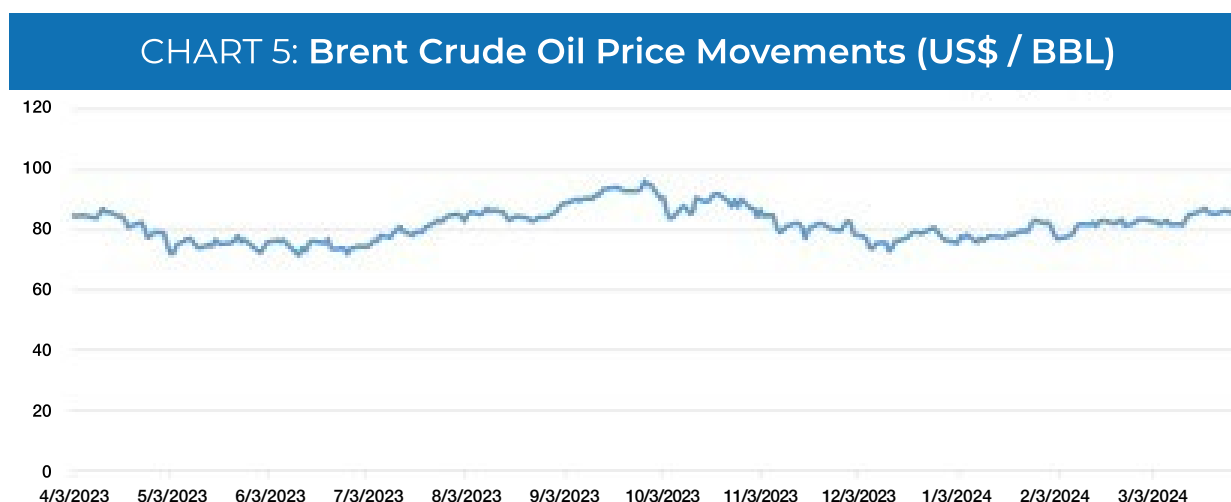
| NATURE OF WORKOVER | 2023-2024 | 2022-2023 |
|----------------------|-----------|-----------|
| Recompletion | 2 | 3 |
| Routine | 10 | 17 |
| Plunger lift | 2 | 0 |
| Gravel pack | 1 | 2 |
| Remedial cementation | 1 | 0 |
| Plug & abandonment | 1 | 0 |
| TOTAL | 17 | 22 |

TRAINING

A number of courses were attended by Engineering and Wireline staff during the financial year 2023 to 2024. Assistant Wireline Technician Gideon Cordice participated in the Health & Safety International Oil & Gas Certification course facilitated by the National Examination Board in Occupational Safety & Health (NEBOSH). Kevin Wood completed Echometer Company's Total Asset Monitor (TAM) Seminar in Texas, U.S.A. He received formal training in the TAM software utilized in data acquisition on BNOCL's pumping and plunger lift wells. Engineer Roseann Beckles-King attended the PETROSKILLS course Enhanced Oil Recovery with Gas Injection seminar in Houston, Texas to continue to prepare the department for enhanced recovery activities. The Ministry of Energy and Business hosted the Halliburton facilitated Offshore Well Technology & Completion Workshop to continue Barbados' preparations for offshore oil & gas production.

COMMERCIAL OVERVIEW

World Market Oil prices on average for the fiscal period April 2023 to March 2024; were 13% lower than the previous period. The highest price reached during the year under review was US\$96.55, compared to the previous year's peak of US\$124 per barrel. The price history for the current fiscal is depicted in Chart 5 below.



During the fiscal period April 2023 to March 2024, BNOCL's imports of gasoline decreased by 0.2% whilst there was a decrease for diesel of 2.2%, compared to the previous year. In addition, the Company's heavy fuel oil (HFO) import quantities decreased by 2%.

In relation to Liquefied Natural Gas (LNG), imports increased by 57% compared to the previous year, as a result of increased demand in the residential and commercial sectors. The Company continued its expansion into the international ship bunkering market and consequently utilized 6% of its imported LNG to satisfy the demand.

With respect to renewable energy, BNOCL continued acceleration of the commercial impetus within the renewable energy space was significantly impacted by the lack of capacity on the National Grid and restrictions implemented by the Barbados Light & Power Company.

Turning to Corporate Social Responsibility (CSR), the Company also continued the broadening of its scope and activities within the portfolio of corporate social responsibility.

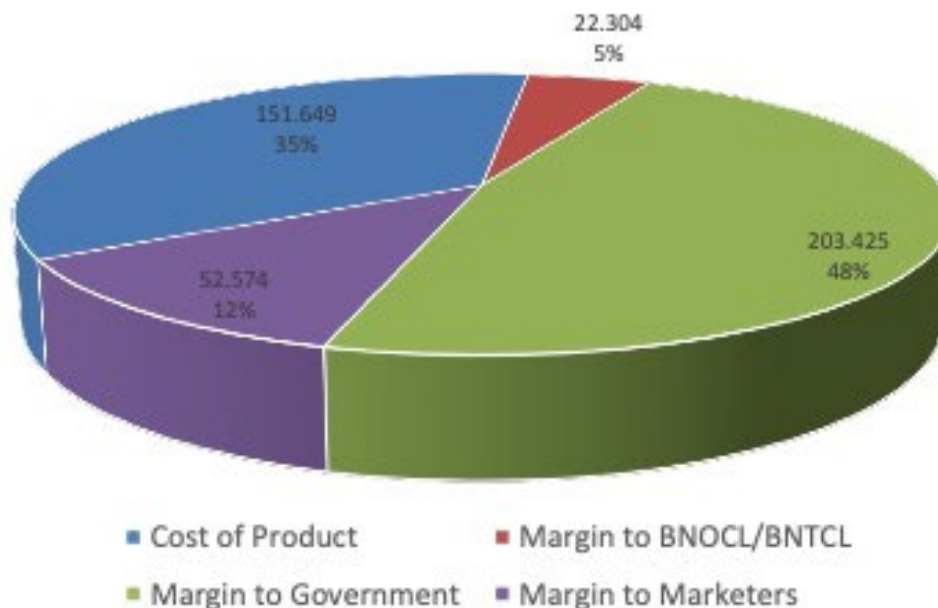
Gasoline

For the year under review, the quantity of gasoline imported decreased by 0.2% over the previous year

as 725,810 barrels of the product were purchased from PARIA, based in Trinidad. During the year under review, the maximum and minimum purchase prices for gasoline were BD\$275 and BD\$208 per barrel, respectively. However, the average purchase price of this product was BD\$243 per barrel.

The retail price of gasoline at April 1, 2023 was BD\$4.30 per litre, reflecting an 8% increase compared to the prior year's price. As noted in Chart 6, of that price, 35.3% represented the cost of the product, 47.3% represented Government taxes, the marketers' margin accounted for 12.2% and the company's storage fee and margin accounted for 5.2%.

CHART 6: GASOLINE - Breakdown of Beneficiaries of Retail Price

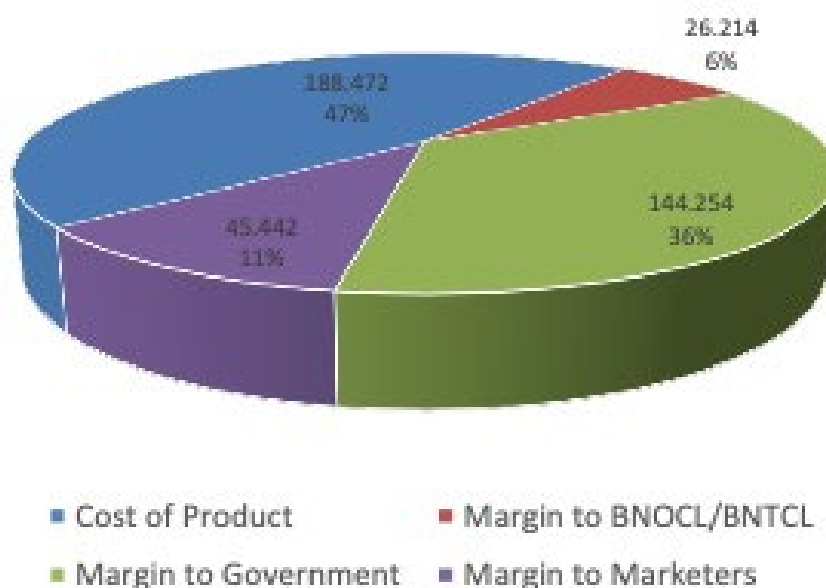


Ultra-Low Sulphur Diesel (ULSD)

The quantity of ULSD imported decreased by 2.2% during the year under review, compared to the previous year, as 462,122 barrels of ULSD were purchased at an average price of BD\$271 per barrel. The maximum and minimum purchase prices for ULSD were BD\$316 and BD\$235 per barrel, respectively.

The retail price of ULSD at April 1, 2023 was BD\$4.04 per litre, reflecting a 22% increase compared to the prior year's price. As noted in Chart 7, of that price, 46.6% represented the cost of the product, 35.7% represented Government taxes, the marketers' margin accounted for 11.2% and the company's storage fee and margin accounted for 6.5%.

CHART 7: DIESEL (ULSD) - Breakdown of Beneficiaries of Retail Price



Heavy Fuel Oil (HFO)

During the fiscal period under review, BNOCL imported 1,092,962 barrels of HFO. Of the total imported during the current year, 113,911 and 979,051 barrels were supplied from Petrojam of Jamaica and Vitol in St. Eustatius respectively to BNOCL.

Approximately 87% of HFO imported into the domestic market was consumed in power generation, while the remainder was used for asphalt production.

Importation of Liquefied Natural Gas (LNG)

During the fiscal year, BNOCL imported 649 cryogenic ISO containers, which amounted to 6,832,023 gallons (or 564,630 MMBtu) of Liquefied Natural Gas (LNG), to supplement domestic commercial and residential demand, as well as international ship bunkering. This amounted to an increase of 57% over the quantity of product imported in the previous fiscal year. Typically, the capacity of a container is 10,527(+10%) gallons. The USA based company; New Fortress Energy supplied 16% of the imported gas; while Crowley based in Puerto Rico and AES of the Dominican Republic supplied 75% and 2% respectively.

● RENEWABLE ENERGY SEGMENT – COMMERCIALIZATION INITIATIVE

Renewable Energy Market Changes

In October 2023, the Barbados Light & Power Company (BLPC) confirmed that the grid, in its current configuration, could only accommodate 100 MW (megawatts) of renewable energy generation capacity and would require investments in energy storage and other technologies before more capacity could be added. With penetration having essentially reached this 100 MW point, and with MWs worth of projects already licensed by the Ministry of Energy and Business (MEB), there has been a delay in additional project licensing by the MEB and interconnection of projects by BLPC until additional grid modernization efforts are implemented to unlock greater capacity.

As a result, the renewable energy market has contracted significantly while the framework for battery storage is in the process of being rolled out and operationalized.

In June 2023, however, the Fair Trading Commission (FTC) issued a Decision and Order on an Energy Storage Tariff pilot for investments in energy storage, and the MEB began accepting Licence applications for energy storage systems.

Solar Photovoltaics (Residential & Commercial)

PV equipment sales totaled BDS \$379,730.76 with the majority being through the sale of PV modules. BNOCL acquired twenty-one (21) new residential customers, with cash contracts totaling BDS \$552,866.31, as well as seven (7) new commercial customers, through cash and royalty contracts valued at BDS\$ 5,861,901.73. These encompassed roof mount, ground mount and agro solar systems.

The Commercial department of BNOCL continues to utilize the design tool Helioscope, alongside the Renewable Energy Department, as well as the clean energy management software RETScreen Expert for financial analysis. As a result, the department is sufficiently equipped to produce high quality solar PV designs/renders, Solar Investment Proposals and accurately determine the feasibility and viability of projects to guide decision making by customers, as well as the company.

The use of the Enact Systems platform has also begun, with Phase I having been rolled out. This “all-in-one” cloud-based software integrates all workflows for customers into one live project dashboard for residential, commercial and operations departments. It enables users to design, price and track project execution, as well as monitor solar PV installation and energy generation by the systems, empowering and putting BNOCL on track to being a company which provides a full energy solution to consumers.

Battery Energy Storage

With the commitment to lead by example and participate in battery-energy storage investments; licence applications to the MEB were completed and submitted for commercial-scale battery energy storage systems to support the following six (6) BNOCL Gamma sites: WB1 WB4, WB105, WB111, Berinda Cox Fish market and BNTCL, amounting to 35.132 MWh of power generating capacity. This follows extensive communication with equipment suppliers to ensure that the storage solutions meet BLPC's requirements as it relates to the provision of grid support services.

BNOCL has commenced drafting the Battery Storage Power Purchase Agreement (PPA) to be negotiated and executed with the BLPC as a mechanism of recovering the battery investment.

Commercial-scale batteries were also procured for BNOCL's Woodbourne location with the aim of establishing a microgrid. The Renewable Energy department is working to finalize installation of the batteries. Once completed, this will serve as a model for replication nationwide.

On the residential front, the offering of hybrid PV systems has been overtaken by a focus on off-grid solar PV solutions, and the provision of EcoFlow portable batteries and whole-home solutions. A strategy for ramping up of these product offerings is currently being developed.

Operation and Maintenance (O&M) Services

BNOCL has recognized and noted the market need for the operation and maintenance of solar PV systems by its customers. As a result, a thorough assessment of the required human and physical resources is being undertaken to ensure that BNOCL is well equipped to provide this service.

Regional Collaboration & Support

In light of the status of interconnection of grid-tied solar PV systems locally, BNOCL has begun exploring the viability of regional export of solar PV products, namely solar PV modules and inverters. This is intended to provide dual benefits to BNOCL as well as Caribbean islands seeking to attain their respective renewable energy and carbon reduction targets. A comprehensive evaluation of BNOCL's product catalogue was undertaken and completed, and a prioritized shortlist of targeted equipment for export was outlined for further consideration.

● RESEARCH & DEVELOPMENT

Biodiesel

The need for transition fuels in the transportation sector was one of the main drivers highlighted within this research area. Barbados has set a target of becoming 100% renewable and carbon neutral

by the year 2030 and, in light of this, the commercial team has set out to meet with various biodiesel producers to commence a pilot project to support the use and uptake of biodiesel as a transition fuel. Discussions are ongoing with BNOCL's strategic objective is to provide biodiesel to customers and support the low carbon transition of the transportation sector until the full electrification of both public and private vehicles is achieved.

Biogas

BNOCL is in the process of exploring a pilot biogas project in collaboration with Rum & Sargassum Inc., which is a Barbados-based biofuel company that produces transportation fuel from low-cost waste streams including rum distilled wastewater and Sargassum seaweed. This project seeks to achieve the tripartite benefit of (i) energy security through the production of energy from local waste streams, (ii) solving the economic problems surrounding the disruption of local beach tourism by Sargassum, and (iii) mitigating waste disposal issues for rum distillery and industrial operations. This project kicked off in 2023 and is at the stage of analysis and investigation of its technical feasibility, scalability and overall viability; with the target of providing the first supply of biogas at the pump in March 2026.

Wind Energy

BNOCL is still in the process of exploring the diversification of its renewable energy portfolio through the addition of wind energy technology as it holds great potential.

BNOCL installed a Wind Mast on the leased property within the St. George Valley. Following research and meetings held with suppliers in 2023, the Commercial department is currently reviewing a proposal from a potential supplier to determine feasibility and viability for further exploration and subsequent deployment across suitable locations nationwide.


● CORPORATE SOCIAL RESPONSIBILITY & PROMOTIONS

During the fiscal period under review, the Company continued its engagement in specific strategic initiatives, aimed at enhancing brand image, social outreach and building out its benevolent agenda.

Brand Enhancement

During the last quarter of the fiscal year, BNOCL focused heavily on the promotion of solar PV solutions. The Business Development Officer and Marketing & Public Relations Officer, along with Business Analyst, engaged on all of the local radio stations for 15-minute promotional segments.



 Business Development Officer, Mrs. Rachael Alleyne talking to an interested party at Agrofest

Moreover, during the weekend of February 23-25, 2024, BNOCL had a booth at Agrofest promoting its residential bundles.

In May 2023, Tradewind Tankers (BNOCL's Fuel Time charter) in association with the University of Miami's Business School collaborated with BNOCL to host a weeklong Business 101 seminar for small business owners in Barbados. The free seminar was well subscribed, which was free, and the participants were full of the praise for organizers who delivered a premium event. The Senator the Hon. Lisa Cummins, Minister of Energy and Business, was the keynote speaker, and she was pleased to see the partnership of the three entities to empower the small business community.

To celebrate BNOCL's 40th anniversary, the Commercial Department worked closely with employees and other sources to produce a 13 part doc-u-series, which was shared on the Company's social media platforms, as well as the Caribbean Broadcasting Corporation and Government Information Service of Barbados. The doc-u-series shared the story of BNOCL's history in short 1-2 minute snippets.

In addition, the department created a "Tik Tok" account to facilitate an added reach to a younger demographic.

Benevolent Programmes

The BNOCL Group collaborated up to take part in the highly anticipated Chefette Fun Run. The event,

COMMERCIAL OVERVIEW

C O N T I N U E D



 The Energy Group branded shirts for the Chefette Fun Run

which took place on May 28, 2023 started at Chefette Rockley and ended at Chefette Fontabelle. Employees of the Group were extremely grateful to be a part of this charity walk/run, which generates funds yearly for a number of charities in Barbados.

BNOCL again demonstrated its commitment to supporting communities, by entering the Myeloma, Lymphoma, and Leukemia Foundation of Barbados (MLLF) 3K Family Fun Walk, as a bronze sponsor. That event which was held on Sunday, February 4, 2024, commenced and concluded at the Bay Street Esplanade and was characterized by much camaraderie and social interaction.



 Members of BNOCL donating a cheque for \$2500 to the Myeloma, Lymphoma, and Leukemia Foundation

Community Outreach

During May of the fiscal year, pupils of the St. Joseph Primary School and One School Global toured Woodbourne and learnt much from our Geology and Renewable Energy Team. In December, senior school students from the Grantley Adams Memorial School visited BNOCL and benefitted from discourse on our Agrosolar project and legacy products.

Employees of BNTCL attended Fisherfolk Day, an annual event held in Oistins to honor and celebrate the traditional fisher folk for their contributions to the community. That event took place on June 29, 2023 at the Berinda Cox Fish Market and Athelstan Millar, Terminal Technician, presented the trophies to the Fisher folk.



 Terminal Technician, Athelstan Millar presenting a Fisher-lady her token of appreciation

TERMINAL OVERVIEW

The team at the Barbados National Terminal Co. Ltd. (BNTCL) continues to be committed to the ensuring the safe storage and distribution of all petroleum products. This responsibility extends to ensuring all products received are of the appropriate quality. The BNTCL has continued its tradition of good product stewardship for the last twenty-five years. There were no major issues experienced or reported during the period 2023 to 2024.

The financial year April 2023 to March 2024 continued on the trend of increased Jet A1 (Aviation) transfers due to increased air travel post pandemic. Increased air to sea flights and additional airlift from key US cities contributed to the increased sales. The company expects this trend to continue its steady climb into the new financial year 2024 to 2025, as the country, like others across the global market see an upward projection of air travel after the Covid impact over the last three years.

BNTCL celebrated its 25th anniversary in February 2023. During the financial year April 2023 to March 2024, the company held several celebration events for the staff, some of which were held in conjunction with the BNOCL, which also celebrated its milestone year of 40 years in operation.

These events culminated with a Gala event, which was held in December 2023 where five of BNTCL's employees were toasted for their service of twenty-five years. These individuals would have also received long service awards at a presentation held in March 2024.

These employees were among the first set of employees employed by the newly formed BNTCL in 1998, after the Government of Barbados acquired the assets of Mobil at the Needham's Point site to take over the storage facility.

●● HEALTH, SAFETY, SECURITY, ENVIRONMENTAL (HSSE) MANAGEMENT

BNTCL remained consistent in its practice of maintaining its high safety standards as follows:

- (1) There were no lost time injuries during the period. At the end of this financial year, there were six hundred and thirty-seven days (637 days) without a loss time injury.
- (2) There was one minor first aid accident during the period.

During the period, several individuals across the departments within the company, completed the Nebosh Oil & Gas Certificate. This safety course is based on international standards and best practices. BNTCL is committed to providing such type courses to improve the overall safety culture within the organisation and the BNOCL Group as a whole to:

- a. Increase employees awareness of the implications of working in safe environment and
- b. Expose staff to different types of training within the various stages of operations.

TERMINAL OVERVIEW

C O N T I N U E D

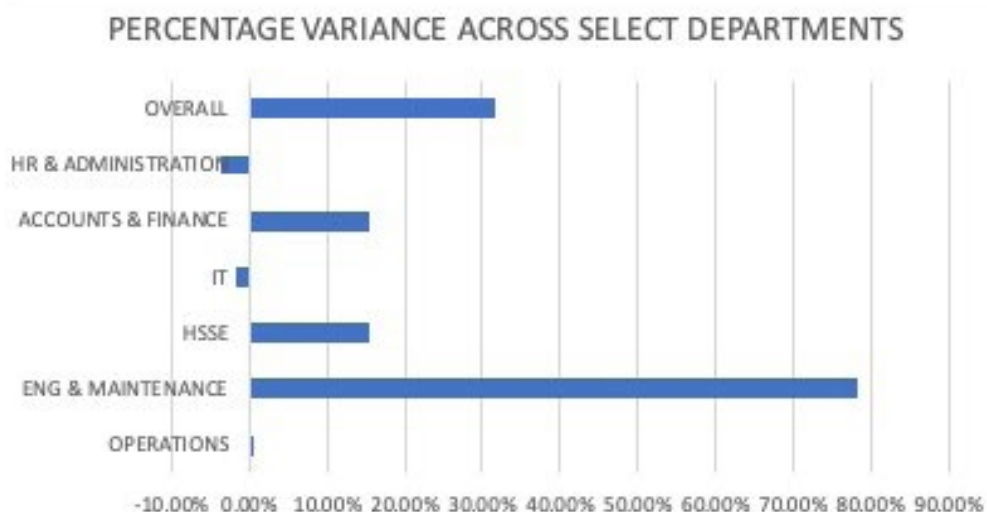
BNTCL did not experience any environmental issues during the period. HSSE Department performed regular water quality tests to the external bore sites. These showed no impacts on the water quality of Barbados. These tests also showed no Total Petroleum Hydrocarbons (TPH) readings above the industry standards.

● BUDGETARY MANAGEMENT

During the current financial year, the “cost of doing” business continued to increase due to a number of global factors continuing to cause supply chain shortages. However, the Company continued to exercise fiscal control where possible to ensure expenditures were kept within the approved budgets and any costs exceeding the budgetary allocation due to external factors, kept to a minimum.

The departments of Operations, Engineering & Maintenance, HSSE, IT, Accounts & Finance and HR & Administration had an overall variance of +31.7% between actual and budgeted expenditure.

CHART: DEPARTMENTAL VARIANCE
(BUDGET VERSUS ACTUAL EXPENDITURE)



● INVENTORY MANAGEMENT

The demand for energy products continued with increases in petroleum products particularly aviation and gasoline. Diesel purchases decreased during the period. Continued electrification of the transport industry is expected to continue, which will result in a long-term decline in gasoline and diesel sales over time.

For the period under review, there were approximately seventy-four (74) tanker operations (Oistins),

which discharged a total of 2,681,755 bbls of Gasoline, Diesel and Aviation (white products) which comprised of.

- 461,450 bbls of ultra low sulphur diesel (ULSD),
- 725,693 bbls of unleaded gasoline (ULG) and
- 1,494,612 bbls of aviation fuel (Jet A1).

There was an 11% increase in the importation of white products as compared to 2022-2023 figures of 2,417,633 bbls. Importation of Jet A1 and ULG contributed to this overall increase with increases in Jet A1 and ULG of 22% and 1% respectively. There was a decline of ULSD of 3%.

The importation of the low ash fuel oil (LAFO), which is used for the generation of electricity is processed through the SOL Holborn facility. The heavy fuel oil is also imported through the Holborn facility and is used as the feed stock for the production of asphalt.

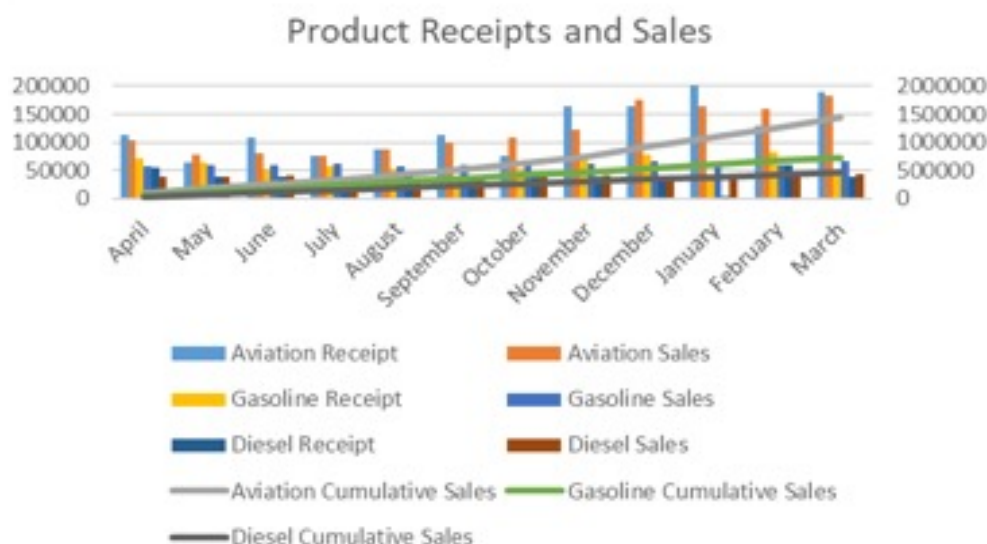
There were nineteen (19) low ash fuel oil operations and five (5) heavy fuel oil for asphalt feed stock through the Bridgetown Port Inc (BPI). During the period under review, 1,017,411 bbls of LAFO were imported. This was a decline of 17% of LAFO from the previous year's figure of 1,225,300 bbls.

Crude oil exports from the terminal were 122,606 bbls, which is a 26% decline from previous year's figure of 166,732 bbls. The low production of BNOCL's crude oil during this financial year; was the cause of this reduction in crude exports.

During the period, the total sales increased by 9% over the previous year sales. The total sales of white products was 2,640,817 bbls as opposed to the previous year's figure of 2,412,445 bbls.

ULG showed a 1% increase over the prior period, with sales of 734,053 bbls, whilst diesel showed 2% decline over the previous year, with sales of 461,450 bbls. Aviation sales were 1,436,676 bbls for the period and this was an increase of 19% over prior year due to the tourists influx on the island.

CHART9: PRODUCT RECEIPTS AND SALES 2023-2024

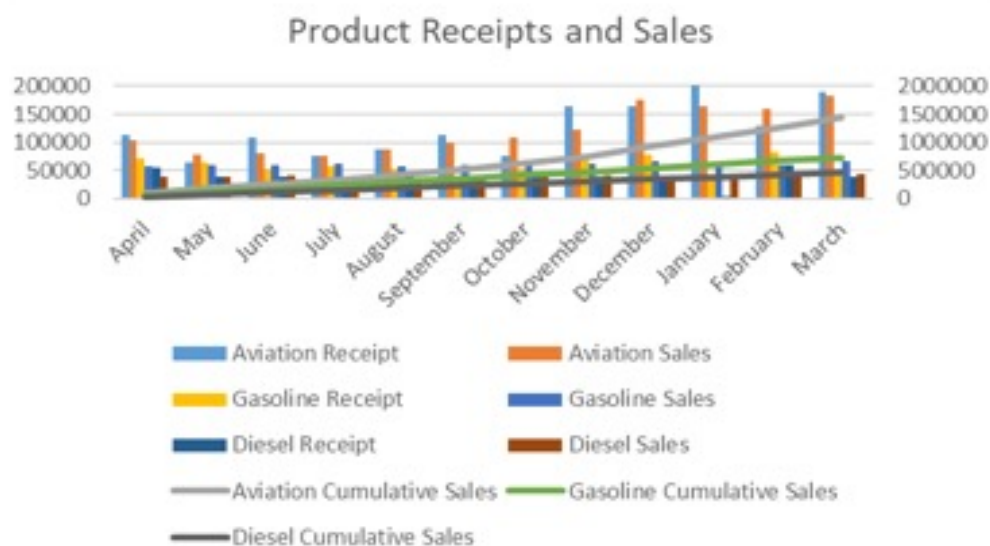


The petroleum industry has standards related to product gains or losses. It is normal to have evaporative and meter error losses or gains due to the metering errors. These gains and losses have to be minimised as they equate to financial losses to the organisation or customers.

During the period, the overall losses to ULG, crude and Jet A1 were 224 bbls, 49 bbls and 1063 bbls respectively for the twelve-month period. These equated to percentage losses for ULG, Crude and Jet A1 of -0.03%, -0.03% and -0.07% respectively. The ULSD had a gain of 272 bbls or a percentage gain of 0.06%. These gains and losses for the year were all within industry standards of +/-0.15% for ULG and +/-0.1 for the remaining three (3) products.

There were five occasions where the monthly variances were above the limits. These errors appear to have been related to metering errors, which were corrected during calibration of product meters. These meters are completed quarterly as per industry best practices.

CHART 10: PRODUCT RECEIPTS AND SALES 2023-2024



● ASSET INTEGRITY AND MAINTENANCE MANAGEMENT

During the period, BNTCL continued its focus on a preventative maintenance strategy. This strategy focused on risk based inspections and deployment of technology to ensure critical assets like the pipelines and tanks remain fit for safe operations.

There were two (2) maintenance jobs deferred until 2024-2025. This maintenance included

- (1) The Pipeline Inspection using intelligent pigs. These inspections are completed to
 - Identify any pipeline defects and
 - Identify any immediate threats to pipeline failure and
 - Manage operational risk and
 - Plan for any identified works based on the level of the threat.
- (2) The other maintenance job, which was deferred, was a tank cleaning on the diesel tanks and an API 653 inspection, which is used to monitor tank defects particularly on the tank floor.

The BNTCL completed the Marine Survey in May 2023. The findings for the survey showed there were no issues. There was however, one observation of the need to replace the anodes on the pipeline to ensure continued integrity of the fixed subsea pipelines but this is a medium term recommendation.

PROJECT MANAGEMENT

Vessel Vetting Software

Berthing operations are high risk activities, which need to be managed to mitigate or eliminate the risks. Vessel vetting software are therefore, used to minimise the associated risks. This software seeks to review the physical characteristics along with other predetermined criteria to ensure the vessel's suitability for the Oistins berth.

During the current year, the BNTCL purchased a customized vetting software for use at both the Oistins berth and Bridgetown Port Inc. As of January 1, 2024, all vessels discharging or loading at the Oistins are vetted to ensure they are suitable; all inspections are up to date and a formal letter given to the product owner who has chartered the vessel.

Terminal Management Software

During the final quarter of the year, the Board of Directors approved the award of the Terminal Management Software (TMS) to Ferrum Energy. This software will improve inventory reporting at BNTCL and allow for real time monitoring of both inventory and sales for all products stored at BNTCL. The TMS will also facilitate improved database management of product sales and the generation of the pipeline product delivery tickets. This project is anticipated for completion by September 2024.

RENEWABLE ENERGY REPORT

● EXECUTIVE SUMMARY

Similar to the renewable energy landscape in Barbados, the Renewable Energy Department faced several challenges in deploying its projects and initiatives. These included regulatory delays and grid limitations that prevented the integration of more Variable Renewable Energy (VRE) without the implementation of Battery Energy Storage Systems (BESS), as BL&P notified in November 2022.

On the domestic front, there was a noticeable reduction in installations under 25 kW, largely due to a transition to cash transactions from the previous 15-year lease models. Six hybrid systems were introduced to manage grid capacity constraints, offering both grid electricity sales and battery storage. Despite fewer new installations, the number of systems connected to the grid increased, indicating adaptation to these constraints.

In the commercial sector, photovoltaic (PV) project development was slowed by sluggish regulatory processes and the grid's capacity issues. Projects like those at Berinda Cox and Bridgetown Fish Market completed construction but faced delays in grid connection. The department sought partial connections and pursued new initiatives, such as a 30 kW agrosolar system, to enhance capacity and gain experience.

Utility installations made headway, with two out of five large-scale PV sites being connected, promising an increase in annual revenue. However, documentation issues and technical challenges slowed other connections, necessitating ongoing efforts to resolve these issues.

A significant development was the Barbados Fair Trade Commission's (FTC) introduction of an Energy Storage Tariff, promoting BESS usage by compensating for grid services. BNOCL's engagement with a consultant for license applications under this tariff, coupled with their efforts to procure a 4MW hr BESS and negotiate Power Purchase Agreements (PPAs), showcases strategic measures to address these challenges and capitalize on new opportunities.

Despite facing hurdles such as grid capacity and regulatory constraints, the renewable energy sector in Barbados demonstrates a strong commitment to promoting clean energy solutions, underpinned by resilience and adaptability.

● DOMESTIC INSTALLATIONS

There was a significant decline in the installation of domestic systems (under 25 kW) compared to the previous year. This was due to sales shifting to cash transactions only, which called for the implementation of competitive marketing strategies beyond the previous 15-year lease options.

Only 18 contracts were negotiated for complete system installations, averaging just over one installation per month. This is significantly fewer than the 42 installations completed the previous year and below the set target. The count included six hybrid systems that could sell electricity to the grid and offer battery storage. They were introduced as a product differentiation strategy and a precursor to marketing off-grid systems. The aim was to mitigate the impact of the grid reaching full capacity, which would halt the sale and installation of grid-tied systems until Battery Energy Storage Systems could accommodate the increase in Variable Renewable Energy (VRE).

Moreover, the number of systems connected to the grid increased compared to the previous year. This was due to efforts to connect systems that had been completed and inspected in previous years in anticipation of imminent grid capacity limitations. In total, 72 customers were connected to the grid during this period, up from 44 the previous year.

The department also focused on upskilling its members and enhancing in-house technical capabilities in areas that were traditionally outsourced. Technicians completed courses in system design, improving their ability to create single line drawings for both commercial and domestic systems, which is a requirement for the licensing and approval process. Additionally, they undertook training in Battery Energy Storage Systems and the installation of PV systems, enabling them to independently install a 30 kW agrosolar system that passed government electrical system inspections. The testing station was fully commissioned, providing a workspace for technicians to troubleshoot systems. By the year's end, technicians began transitioning to take on the responsibility of troubleshooting and resolving issues related to leased domestic systems exclusively. This move is part of a broader strategy to provide after-sales maintenance services for all domestic and commercial systems as a future revenue source for the department, anticipating a decline and plateau in new installations.

COMMERCIAL INSTALLATIONS

Over the last year, several factors hindered the development of commercial photovoltaic (PV) projects, such as slow regulatory approval processes, logistical bottlenecks, and grid limitations that prevent more Variable Renewable Energy (VRE) beyond the 100MW limit.

By the end of the financial period, BNOCL completed two Fish Market projects, Berinda Cox (175kW) and Bridgetown Fish Market (388kW), as commercial proof-of-concept installations. GEED approved both projects, but they were awaiting pre-commissioning testing and subsequent connection to the grid by BL&P. Unfortunately, BL&P reached its capacity during the third quarter of the year, making it unlikely that these systems would be connected until mitigation measures through Battery Energy Storage were implemented.

However, the team negotiated with BL&P to connect one of BNOCL's customers, a 144Kw system, to the grid at half of the system design capacity as a compromise until the mitigation measures were implemented. The system was awaiting BLPC to supply the transformer to facilitate the connection, which was scheduled to be completed by the end of April. BNOCL was also waiting for word from BNOCL on the connection of its Agrosolar systems (30KW), designed and installed by RED department personnel as a proof of concept and to provide experience and capacity building to the department's technicians.

Additionally, the Westbury Primary School (20kW) installation, which includes both battery storage and a generator, was still in progress and awaiting the completion of its components by the first month of the new financial year. The BIDC roof mount projects were still under construction, with significant delays in procurement and delivery of AC components, exacerbated by disruptions caused by the COVID-19 pandemic. However, BIDC expressed interest in purchasing the installations in their current state of installation.

Other Agrosolar projects ranging in size from 20-200kW and entered through contractual arrangements with customers were awaiting regulatory approval from either the Planning and Development Committee or the ELPA license from the ministry. This approval was not expected to be received anytime soon given the stalemate that the industry has found itself in due to the grid reaching its capacity.

Despite these challenges, the department remains committed to addressing them head-on by leveraging its expertise and strategic partnerships to navigate uncertainties, expedite project timelines, and streamline approval processes with regulatory authorities and stakeholders such as BL&P. They are also reviewing supply chain management strategies to alleviate bottlenecks hindering project implementation.

UTILITY INSTALLATION

There has been some relative success with the ground-mounted PV utility-scale installations on various leased well sites by the Inter-American Development Bank in the past year. Out of the five utility-scale PV sites, two systems, LG8 (300kW) and LG12 (225kW), were successfully connected during the third quarter of the review period. This increased the BNOCL-owned and operated systems from 275kW to 800kW. These newly connected systems are expected to generate an annual revenue increase of over \$230,000 BBD.

The construction of the carport system was suspended due to the termination of contractual services

with GAMMA, but it has now resumed under the services of GAMMA's subcontractor, Simmons Electrical. As of the end of the period, the carport was 75% complete, with 100% of the panels installed on the roof. It is expected to be completed by the first quarter of the next financial period.

It is noteworthy that BL&P has considered BNOCL's utility sites, totaling 4.1 MW, when assessing the grid's 100MW limit. Therefore, once these sites are successfully commissioned, there should be no issues connecting them to the grid. Once all the utility systems are connected, BNOCL's total annual revenue from utility-scale projects is expected to reach \$1.8 million BBD, reinforcing our position as a leading provider of clean energy solutions in the region.

OTHER PROJECT INITIATIVES

BNOCL used funds from an IDB loan to issue a Request for Proposal (RFP) for the purchase of a 4MW hr BESS to be installed at WB1. The procurement details and RFP were finalized in the last quarter, and responses are expected at the start of the new financial year. The procurement and installation process for the BESS is anticipated to take eighteen months.

BNOCL also began the process of engaging Accelerex through a competitive procurement process using a government portal to prepare and negotiate a Power Purchase Agreement (PPA) for WB1. This agreement will be used as a template for negotiating PPAs for the remaining sites. A vital part of this project is the financial analysis to assess the feasibility of the BESS project, focusing on how a negotiated PPA with BL&P will affect the internal rate of return.

HEALTH, SAFETY, SECURITY AND ENVIRONMENTAL (HSSE) OVERVIEW

In the 2023 – 2024 financial year, our HSSE performance continued to improve with the number of Lost Time Incidents (LTIs) falling from ten (10) in the previous financial year to five (5). This resulted in a significant reduction in the lost time incident rate from 8.19 LTIs per 100 employees to 4.34 LTIs per 100 employees.

There was one LTI recorded in the Workover department and one in the Maintenance department. A pleasing result for those two departments as that was where the bulk of the higher risk operational work was conducted.

In the area of environmental stewardship, BNOCL continues to perform admirably with the programme to recycle used engine oils from registered vehicle mechanics across the island. There were also no significant oil spills breaching secondary containment in the financial year.

Unfortunately, the joint groundwater testing programme with the Barbados Water Authority (BWA) and Asphalt Processors Inc. (API) was not executed in its entirety due to mechanical issues with the BWA sampling wells. However, it must be noted that BNOCL has not recorded a Total Petroleum Hydrocarbon (TPH) value exceeding the acceptable level in the past five (5) years.

BNOCL made significant strides to reduce its carbon footprint in our drive for carbon neutrality, through the completion of five ground mounted solar PV farms totaling 3 MW of power, with over 1 MW of power still to be completed. In addition to the adoption of solar PV, BNOCL is also trialing the use of biodiesel (B5) in our industrial vehicle fleet and has signed a Memorandum of Understanding with the biofuels start-up “Rum and Sargassum” to install a biogas production facility at BNOCL’s location in Woodbourne. Part of that project will include a filling station for biogas powered vehicles, a critical component of assisting the Government of Barbados in achieving its 2030 renewable energy goals.

HUMAN RESOURCES OVERVIEW

● HUMAN RESOURCES & ADMINISTRATIVE DEPARTMENT

The Human Resources (HR) Plan is very much aligned with the overall operational strategy of the company.

During the financial year ended 2024, the HR Plan presented continued with its alignment of the Company's strategy with the National Energy Policy. That policy referred to the country being carbon neutral by 2030. The HR plan which covered the period 2019 to 2024, aimed to strengthen the internal capacity by acquiring the required resources to meet organisational goals. The highlights of the Company's goals were predicated by the planned development of the offshore oil and gas sector and the expansion of the renewable energy sector, creating greater access for independent power producers. In addition, the plan included the development of a focused customer centric interface, to be able to communicate with existing and potential customers as well as other stakeholders through all forms of electronic or digital media.

Based on these factors, the HR Department utilized a dynamic approach to acquire, manage and develop the necessary resources to build the internal capacity to support organisational success. As a result, consideration was given to a mixed staffing resourcing strategy which entailed having some temporary and permanent employees on short or long-term fixed contracts.

As a result, resources were acquired to strengthen and support the areas of oil and gas production, maintenance, finance, operations and corporate administration.

Recruitment & Selection

The HR Department prepared its annual strategy to allow the organisation to be sensitive enough to respond to the changes as they occur. Having conducted the first wave of recruitments, there has been an ongoing evaluation of the performance of the departments to ensure that they are adequately resourced to achieve their goals.

Performance Management

Strategically, the performance management system is intended to align the employee's performance with the organisation's goals. The current system has been evaluated and the management team recognized that it is necessary to change it, in order to clearly link what is being measured to the organisation's goal and reduce the level of subjectivity associated with performance management.

The Company revisited its global key performance indicators (KPI's) to measure and monitor the organisation's performance. These KPI's will also be cascaded down to the employees to ensure that their performances are linked to the organisation's objectives.

HUMAN RESOURCES OVERVIEW

C O N T I N U E D

Payroll & Benefits

BNOCL is committed to remaining an employer of choice and to continue providing competitive salaries and wages as well as to offer a full range of benefits that add value to our employees' lives during their time of employment and also after retirement.

The Company conducted a salary survey in 2016 and is cognizant of the need to continuously monitor the market to determine when salary ranges should be evaluated in the future.

Pension & Insurance

The Trustees of the pension plan endeavor to make informed decisions to ensure the plan remains solvent, by engaging the professional resources to properly advise on the plan's investment portfolio.

The company funds a very generous group medical plan and continues to work with the service providers to maintain premiums at a level in order to offer the best medical coverage that can be provided to its employees. The department continues to manage the plan and suggest changes to maintain the balance of cost and quality of care that can be covered under the plan.

The employees' life insurance policy is in place and shall remain a benefit to give our employees peace of mind that they families are provided for in the event of an unfortunate incident.

Training & Development

The operations within BNOCL are impacted by technological changes and innovative developments. The Company continues to invest in its employees to ensure that they are prepared to respond to the industry changes. Training has also proven to be an opportunity to network with peers in the same or similar industries. These links make it easier to shorten the learning curve, allowing employees to reach out to resources to assist with problem solving.

The department has been encouraging its staff to look after their personal development through the opportunities of tertiary, technical and vocational training. Internal mechanisms have been developed to allow persons who have the relevant attitude, training and experience to be promoted when opportunities arise.

Labour & Employee Relations

The Barbados Workers Union (BWU) is the representative union of the bargaining unit for the BNOCL Group. The Company built and maintains an amicable and peaceful relationship with the BWU which is generally governed through a Memorandum of Agreement (MOA), that is renegotiated periodically.

HUMAN RESOURCES OVERVIEW

C O N T I N U E D

Internal Restructuring & Competency Fit to Meet Operational Needs & the Strategy Holistically

The Department is very cognizant that its structure has to be appropriate to achieve the objectives as signaled by the revised strategy of the Company. While the current composition might have been adequate in the past, the focus on performance within the following key areas is now critical

- Recruitment and Talent Management
- Training & Development
- Employee Engagement
- Performance Management
 - Recognition and Rewards
 - Payroll & Benefits Administration
- Industrial Relations
 - Collective Bargaining
- Compliance
- Research

Staff Appointments & Changes

Over the past 15 months, there has been a period of further growth and changes to the structure of the BNOCL Group, the following staff were hired to meet the changes that were identified.

Congratulations are also in order for the following persons who were promoted during this period:

| DEPARTMENT | EMPLOYEE | START DATE | TITLE |
|--------------------|--------------------|---------------|------------------------|
| HR / Admin | Ms. Kaydia Neblett | April 2023 | Office Assistant |
| Production | Mr. Judson Haynes | October 2023 | Pipe Fitter |
| Maintenance | Mr. Rommell Clarke | January 2024 | Maintenance Manager |
| Finance | Ms. Dondru Bullen | February 2024 | Roustabout (Warehouse) |
| Operations (BNTCL) | Ms. Lisa Haynes | June 2023 | Terminal Operator |
| Operations (BNTCL) | Mr. Albert Joseph | January 2024 | Bunkering Attendant |

HUMAN RESOURCES OVERVIEW

C O N T I N U E D



Ms. Kaydia Neblett
Office Assistant



Mr. Judson Haynes
Pipe Fitter



Mr. Rommell Clarke
Maintenance Manager



Ms. Dondru Bullen
Roustabout (Warehouse)



Ms. Lisa Haynes
Terminal Operator



Mr. Albert Joseph
Bunkering Attendant

| DEPARTMENT | EMPLOYEE | START DATE | TITLE |
|-----------------------------------|------------------|------------|---------------------|
| Engineering & Maintenance (BNTCL) | Safraz Bacchus | June 2023 | Junior Technician |
| Engineering & Maintenance (BNTCL) | Antonio Holder | June 2023 | Junior Technician |
| Engineering & Maintenance (BNTCL) | Athelstan Millar | June 2023 | Terminal Technician |

Additionally, in May 2023, Mr. Damien Gamble transferred to the post of Gas Plant Operator, providing additional support with the provision of gas products to the country.

INFORMATION TECHNOLOGY OVERVIEW

● INTRODUCTION

The I.S Department embarked on a number of initiatives during the financial year of 2023 – 2024. These initiatives were geared towards continuous improvements with the Information and Communication Technology (ICT) landscape amongst the Barbados National Oil Company Limited (BNOCL), the Barbados National Terminal Co. Ltd. (BNTCL) and National Petroleum Corporation (NPC), (the “Companies”).

● YEAR IN REVIEW



The BNOCL, BNTCL and NPC would have sent out a Request for Proposal (RFP) for a new managed services agreement. After analyzing all responses, Digicel was awarded the contract as the new managed services provider. This led to a very massive change out of ICT equipment across the three Companies. So far, the Project is nearing completion as all critical sites have connectivity.

Each company was able to successfully upgrade their respective datacenters during the course of the year. The objective was to improve application security, stability and application delivery through the use of hyper-converged infrastructure (HCI). This approach allowed for the use of scalable hardware that grows with the ever changing business needs.

With the continuous improvements of technologies, comes the increasing frequency and sophistication of cyberattacks. As such, to ensure resiliency via the hardening of systems, the Companies changed the backup solution in line with the newly acquired datacenters. This places the Companies in a position to quickly recover in the case of a cyber-event through data protection, threat analytics and recovery.

A number of Uninterruptible Power Supplies (UPS) were procured and installed across the Companies. As the Companies have made significant investment in hardware solutions, protecting said equipment became a major priority. This provides mitigation with the probable avoidance of hardware damage, data loss and unavailability of applications.



INFORMATION TECHNOLOGY OVERVIEW

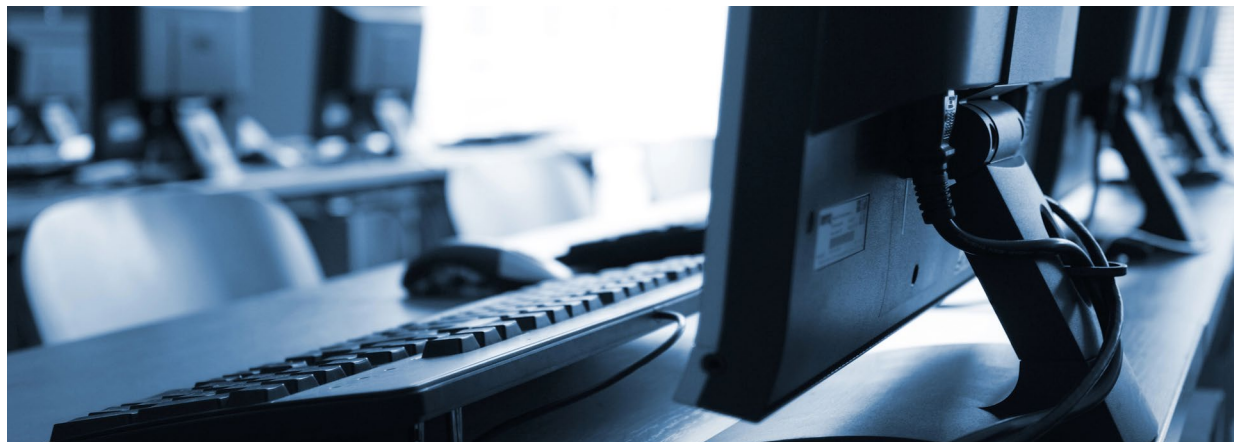
C O N T I N U E D

● TRAINING

Training continues to be the primary avenue for the improvement of skillsets within the I.S Department. As such, two members of staff were trained for the following certifications:

- ISO 27001 Lead Implementer
- ISO 3000 Risk Management

Another member of the team successfully completed the Certified Ethical Hacker (CEH) certification.



● CYBER SECURITY

The Companies did not experience any significant reports of cyber-attacks during the 2023-2024 period. This in no way should result in complacency as bad actors also change techniques given technological improvements. The advancements in Artificial Intelligence (AI) heightens all activities geared towards awareness and improvements in an effort to lessen any impact should there be a cyber-event.

● CONCLUSION

The I.S Department has successfully undertaken many projects during the course of the year despite its size. However, today's success does not always guarantee tomorrow's results as the ICT landscape is changing at warp speed. To ensure the Companies can reach their respective goals, equal focus must be paid to the improvement of the ICT environment along with continuous improvement of the human capital.

FINANCIAL OVERVIEW

The BNOCL Group recorded total comprehensive income of \$33.97 million for the year ended March 2024 as compared to total comprehensive income of \$1.05 million in 2023. The parent company BNOCL as an entity recorded total comprehensive income of \$29.72 million for the year 2024 as compared to total comprehensive income of \$0.47 million in 2023. BNOSL recorded a total comprehensive loss of (\$1.47 million) in 2024 as compared to a total comprehensive loss of (\$4.64 million) in 2023. BNTCL recorded a total comprehensive income of \$5.02 million in 2024. This was 17.6% less than the total comprehensive income of \$6.10 million recorded in 2023.

The increase in profitability at the Group level was primarily due to operational improvements in refined products sales as well as structural changes to the pricing framework. Profitability at BNTCL was again negatively impacted an increase in the cost of utilizing the Holborn terminal and also by a 6% increase in General and administrative expenses and a 9% increase in operating expenses.

REVENUE

The Group's gross revenue decreased by 13.2% from \$674.2 million in the year ended March 2023 to \$585.0 million in the current year under review. The sale of refined petroleum products accounted for \$519.5 million or 88.8% of gross revenue for the current year. This represented a decrease of 12.8% or \$76.1 million from the previous year's refined products revenue of \$595.6 million. The decrease in revenue from this segment of the business resulted primarily from the sale of product at significantly lower average prices.

Despite only a small reduction in imported HFO volumes there was a significant 19% decrease in revenue from the sale of fuel oil from \$208.1 million in 2023 to \$168.3 million in the year under review. Revenue from gasoline and diesel also decreased significantly from \$363.4 million in 2023 to \$327.1 million in the year under review. This represented a decrease of 10% or \$36.3 million. Revenue from Asphalt feed remained relatively constant at \$24.0 million in 2024.

Revenue from the sale of natural gas increased from \$27.2 million in 2023 to \$28.4 million in the year under review. The price of indigenous natural gas to National Petroleum Corporation (NPC) was set on a sliding scale with a floor of \$7.50 per mcf and a ceiling of \$11.15 per mcf while imported gas was again sold to NPC at a rate calculated on a cost-plus margin basis.

BNTCL's throughput fees to non-related companies increased by 19.8% or \$0.9 million from \$4.8 million in 2023 to \$5.7 million in the current year. These amounts are included in the total terminal throughput fees of \$26.5 million for the year under review. Total terminal throughput fees increased by \$0.5 million or 2.0% compared to the figure of \$26.0 million for 2023.

●● OPERATING COST

The operating costs of the Group decreased by 18.5% from \$652.8 million in 2023 to \$532.1 million in the current year. The major contributor was a decrease in the overall cost of refined product to \$500.1 million in the current year compared with a cost of \$607.1 million in 2023. This represented a decrease of 17.6% when compared to the previous year and was attributable primarily to generally lower costs per barrel for all refined products.

●● GENERAL & ADMINISTRATIVE EXPENSES

In the year under review, the Group's general and administrative expenses decreased by \$1.7 million or 10.7% to total \$13.9 million, while its finance costs increased from \$3.7 million in 2023 to \$5.8 million in the year under review. The total loans balance was \$73.3 million at the end of 2022, \$83.4 million at the end of 2023 but decreased to \$72.2 million at the end of the year under review.

●● CASH FLOW

The Group generated \$29.7 million in its operating activities for the current year. This was a significant increase in cash generated when compared to the \$3.7 million in cash utilized from operations in 2023. The Company also utilized \$3.8 million cash in investing activities and \$12.1 million in financing activities in the year ended March 2024. The opening cash balance of the Group was negative (\$12.2 million) while the ending cash balance was \$1.6 million. This represented an overall increase of \$13.8 million in the cash balance of the Group.

BARBADOS NATIONAL OIL COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024
(EXPRESSED IN BARBADOS DOLLARS)



BARBADOS NATIONAL OIL CO. LTD.

Registered Office

Woodbourne, St Philip, Barbados

Directors

Mr. Victor Fernandes - Chairman

Dr. Asquith Thompson - Deputy Chairman

Ms. Collette Applewhaite

Ms. Averill Brathwaite

Mrs. Stephanie Catling-Birmingham

Dr. Erwin E. Edwards

Mr. Andrew Gittens (Until August 8, 2023)

Mr. Kevin Hunte (Appointed September 1, 2023) Mr. Ross Maynard

Mrs. Andria Shepherd-Payne

Ms. Liesel N. Weekes

Corporate Secretary

Mrs. Donna Harris-Thornhill

Auditor

PricewaterhouseCoopers SRL

Banker

Republic Bank (Barbados) Limited

Attorneys-at-law

Mr. Barry Gale, SC

Mr. Roger C. Forde, KC

Ms. Karen Perreira



Independent auditor's report

To the Shareholders of Barbados National Oil Company Limited

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Barbados National Oil Company Limited (the Company) and its subsidiaries (together 'the Group') as at March 31, 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2024;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for qualified opinion

The in-house oil and gas reserves reports prepared as at March 31, 2024 and March 31, 2023 did not fully evaluate in-place volumes, reserves resources and project cost assumptions nor were they prepared in accordance with Society of Petroleum Engineers or Petroleum Resource Management System guidelines. As such the oil and gas reserves reported in both reports were deemed to be inconclusive. In the absence of reliable information with respect to the Group's oil and gas reserves, we were unable to determine whether adjustments might have been necessary in respect of the depletion costs reported in the consolidated statement of comprehensive income and consolidated statement of cash flows, and property, plant and equipment reported in the consolidated statement of financial position.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated 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 qualified opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information obtained at the date of this auditor's report comprises the 2024 Annual report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the 2024 Annual report, if, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. As described in the *Basis for qualified opinion* section above, we were unable to determine whether adjustments might have been necessary in respect of the depletion costs reported due to the in-house oil and gas reserves reports being inconclusive. We will be unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.



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

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

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



Other matter

This report is made solely to the Company's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the qualified opinion we have formed.

PricewaterhouseCoopers SRH

Bridgetown, Barbados
June 27, 2024

Barbados National Oil Company Limited

Consolidated Statement of Financial Position

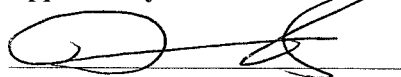
As at March 31, 2024

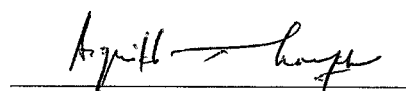
(expressed in Barbados dollars)

| | 2024 \$ | 2023 \$ |
|---|---------------------|---------------------|
| Current assets | | |
| Cash on hand and at bank (note 5) | 2,457,788 | 3,191,909 |
| Term deposits (note 6) | 187,654 | 187,654 |
| Accounts and other receivables (note 7) | 71,228,772 | 75,654,756 |
| Due from associated company (note 8) | 6,142,105 | 6,300,167 |
| Due from shareholder (note 8) | 18,834,283 | 11,654,297 |
| Inventories (note 9) | 29,632,705 | 31,400,993 |
| Prepaid expenses | 942,889 | 1,427,486 |
| | 129,426,196 | 129,817,262 |
| Current liabilities | | |
| Bank overdraft (note 5) | 873,009 | 15,410,662 |
| Accounts payable and accrued liabilities (note 10) | 35,751,371 | 48,726,766 |
| Due to shareholder (note 8) | 3,374,173 | 729,954 |
| Borrowings - current portion (note 11) | 12,038,113 | 11,733,051 |
| Lease liability - current portion (note 17) | 1,516 | 1,365 |
| Corporation tax payable | 830,644 | 234,673 |
| | 52,868,826 | 76,836,471 |
| Working capital | 76,557,370 | 52,980,791 |
| Due to shareholder (note 8) | (25,148,235) | (19,064,707) |
| Inventories (note 9) | 369,711 | - |
| Financial investments (note 12) | 2,453,249 | 2,453,249 |
| Investment in associated companies (note 13) | 1,317,060 | 691,582 |
| Property, plant and equipment (note 14) | 151,289,210 | 147,864,057 |
| Deposit on plant and equipment (note 15) | 805,025 | 308,169 |
| Provision for abandonment (note 16) | (11,650,986) | (10,410,953) |
| Right-of-use-asset (note 17) | 3,230,708 | 3,289,447 |
| Lease liability (note 17) | (4,393,103) | (4,394,619) |
| Employee benefits (note 18) | (2,428,075) | (2,858,806) |
| Borrowings (note 11) | (60,162,144) | (71,693,317) |
| Deferred tax asset (note 19) | 176,190 | - |
| Deferred tax liability (note 19) | - | (715,815) |
| Net assets | 132,415,980 | 98,449,078 |
| Represented by: | | |
| Equity | | |
| Share capital (note 20) | 41,014,809 | 41,014,809 |
| Retained earnings | 91,401,171 | 57,434,269 |
| | 132,415,980 | 98,449,078 |

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on June 24, 2024


Victor Fernandes - Chairman


Asquith Thompson - Deputy Chairman

Barbados National Oil Company Limited

Consolidated Statement of Changes in Equity

For the year ended March 31, 2024

(expressed in Barbados dollars)

| | Share capital \$ | Retained earnings \$ | Total \$ |
|---|------------------------|----------------------------|--------------------|
| Balance at March 31, 2022 | 41,014,809 | 56,382,673 | 97,397,482 |
| Net income for the year | — | 1,202,134 | 1,202,134 |
| Other comprehensive loss | — | (150,538) | (150,538) |
| Total comprehensive income for the year | — | 1,051,596 | 1,051,596 |
| Balance at March 31, 2023 | 41,014,809 | 57,434,269 | 98,449,078 |
| Net income for the year | — | 34,160,913 | 34,160,913 |
| Other comprehensive loss | — | (194,011) | (194,011) |
| Total comprehensive income for the year | — | 33,966,902 | 33,966,902 |
| Balance at March 31, 2024 | 41,014,809 | 91,401,171 | 132,415,980 |

The accompanying notes form an integral part of these financial statements.

Barbados National Oil Company Limited

Consolidated Statement of Comprehensive Income

For the year ended March 31, 2024

(expressed in Barbados dollars)

| | 2024 \$ | 2023 \$ |
|---|---------------------|---------------------|
| Revenue | | |
| Upstream revenue (note 21) | 58,663,720 | 69,470,435 |
| Refined products sales (note 21) | 519,478,513 | 595,582,786 |
| Renewable energy revenue (note 21) | 1,205,842 | 4,346,103 |
| Terminal throughput fees | 5,695,201 | 4,754,420 |
| | 585,043,276 | 674,153,744 |
| Operating costs | | |
| Cost of goods sold - refined products (note 25) | 500,092,738 | 607,104,806 |
| Cost of goods sold - crude oil (note 25) | 10,007,405 | 21,876,964 |
| Cost of goods sold - renewable energy (note 25) | 399,255 | 3,096,233 |
| Holborn facilities costs (note 28) | 5,354,570 | 5,128,133 |
| Terminal operating costs (note 25) | 3,760,780 | 3,088,795 |
| Depreciation (notes 14 & 17) | 8,254,502 | 7,603,817 |
| Depletion (note 14) | 1,336,601 | 1,103,899 |
| Royalties | 2,804,893 | 3,316,419 |
| Inventory write-off | 90,076 | 480,671 |
| | 532,100,820 | 652,799,737 |
| Gross profit | 52,942,456 | 21,354,007 |
| General and administrative expenses (note 25) | (13,934,197) | (15,595,996) |
| Finance costs (notes 11 & 17) | (5,835,492) | (3,721,302) |
| Operating profit | 33,172,767 | 2,036,709 |
| Other income (note 22) | 404,445 | 389,625 |
| Other losses (note 23) | (62,139) | (15,501) |
| Income before share of net income/(loss) of associated company | 33,515,073 | 2,410,833 |
| Share of net income/(loss) of associated company (note 13) | 625,478 | (936,905) |
| Income before taxation | 34,140,551 | 1,473,928 |
| Taxation (note 19) | 20,362 | (271,794) |
| Net income for the year | 34,160,913 | 1,202,134 |
| Other comprehensive loss | | |
| <i>Items that will not be reclassified to income:</i> | | |
| Remeasurements of defined employee benefits (note 18) | (213,199) | (131,266) |
| Deferred tax related to remeasurements of defined employee benefits | 19,188 | (19,272) |
| | (194,011) | (150,538) |
| Total comprehensive income for the year | 33,966,902 | 1,051,596 |

The accompanying notes form an integral part of these financial statements.

Barbados National Oil Company Limited

Consolidated Statement of Cash Flows

For the year ended March 31, 2024

(expressed in Barbados dollars)

| | 2024 \$ | 2023 \$ |
|---|--------------|--------------|
| Cash flows from operating activities | | |
| Income before taxation | 34,140,551 | 1,473,928 |
| Adjustments for: | | |
| Depreciation | 8,254,502 | 7,603,817 |
| Depletion | 1,336,601 | 1,103,899 |
| Pension plan expense | 1,041,083 | 994,116 |
| Share of net (income)/loss of associated company | (625,478) | 936,905 |
| Finance costs | 5,790,124 | 3,721,302 |
| Interest income | (65,153) | (36,937) |
| Gain on disposal of property, plant and equipment | (13,791) | (26,553) |
| Amortisation on inventories | 48,830 | — |
| IDB project expenses | 821,366 | 393,120 |
| Operating income before working capital changes | 50,728,635 | 16,163,597 |
| Decrease/(increase) in accounts and other receivables | 4,425,984 | (6,433,473) |
| Decrease/(increase) in due from associated company | 158,062 | (832,961) |
| Increase in due from shareholder | (7,179,986) | (9,527,747) |
| Decrease in inventories | 1,768,288 | 13,328,843 |
| Decrease in prepaid expenses | 484,597 | 16,908 |
| Decrease in accounts payable and accrued liabilities | (13,000,736) | (10,499,183) |
| Decrease in due to shareholder | — | (201,888) |
| Cash generated from operations | 37,384,844 | 2,014,096 |
| Finance costs paid | (5,790,124) | (3,721,302) |
| Pension plan contributions paid | (1,685,013) | (1,912,593) |
| Income taxes paid | (231,143) | (151,906) |
| Interest received | 65,153 | 36,937 |
| Net cash generated by/(used in) operating activities | 29,743,717 | (3,734,768) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (3,269,459) | (4,393,576) |
| Deposit on plant and equipment | (208,154) | (30,992) |
| Proceeds from disposal of property, plant and equipment | 101,277 | 26,553 |
| Purchase of investment in associated company | — | (250) |
| Purchase of tank heels | (418,541) | — |
| Net cash used in investing activities | (3,794,877) | (4,398,265) |
| Carried forward | 25,948,840 | (8,133,033) |

Barbados National Oil Company Limited

Consolidated Statement of Cash Flows ...continued

For the year ended March 31, 2024

(expressed in Barbados dollars)

| | 2024 \$ | 2023 \$ |
|---|---------------------|---------------------|
| Brought forward | 25,948,840 | (8,133,033) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | — | 20,000,000 |
| Repayment of borrowings | (11,226,111) | (9,903,351) |
| (Repayment to)/proceeds from shareholder | (917,832) | 29,684 |
| Principal elements of lease payments | (1,365) | (1,229) |
| Net cash (used in)/generated from financing activities | (12,145,308) | 10,125,104 |
| Net increase in cash and cash equivalents | 13,803,532 | 1,992,071 |
| Cash and cash equivalents - beginning of year | (12,218,753) | (14,210,824) |
| Cash and cash equivalents - end of year (note 5) | 1,584,779 | (12,218,753) |

Non-cash investing and financing activities (note 27).

The accompanying notes form an integral part of these financial statements.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

1 General information

The Company is incorporated under the Companies Act, CAP 308 of the Laws of Barbados. The common shares are 75.48% owned by the Government of Barbados and 24.52% owned by the National Petroleum Corporation.

The principal activities of Barbados National Oil Company Limited (“the Company” or “BNOCL”) and its subsidiaries (“the Group”) are the exploration and production of the onshore hydrocarbon potential of Barbados and the importation, storage and supply of petroleum products to the Barbados market.

2 Material accounting policy information

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

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards under the historical cost convention. The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

i) *New standards, amendments and interpretations adopted by the Group*

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. These amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction. These amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Amendment to IAS 12 - International tax reform. These amendments give entities temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

ii) *New standards, amendments and interpretations mandatory for the first time for the financial period beginning April 1, 2023 but not currently relevant to the Group*

IFRS 17 ‘Insurance contracts’. This standard replaced IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 ‘Insurance contracts’ applies to insurance contracts regardless of the entity that issues them, and so does not apply to only traditional insurance entities.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

2 Material accounting policy information ...continued

a) Basis of preparation ...continued

iii) *New standards, amendments and interpretations issued but not yet effective for the financial period beginning April 1, 2023 and not early adopted*

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and has determined that the following are relevant to the Group's operations. The Group has not early adopted the new standards, amendments and interpretations nor has the Group assessed their full impact.

Amendment to IAS 1 - Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions (effective annual periods beginning on or after January 1, 2024).

Amendment to IAS 7 and IFRS 7 - Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis (effective annual periods beginning on or after January 1, 2024 (with transitional reliefs in the first year)).

Amendment to IFRS 16 - Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. (effective annual periods beginning on or after January 1, 2024)

b) Basis of consolidation

These consolidated financial statements include the accounts of BNOCL and its wholly-owned subsidiary companies, Barbados National Oilfield Services Limited (BNOSL), Barbados National Terminal Co. Ltd. (BNTCL) and Barbados National Oil Holding Company Limited (BNOHCL).

c) Revenue recognition

Upstream revenue represents revenue from the production and sale of natural gas and crude oil. It is recognised on an accrual basis net of VAT.

Refined product sales reflect the invoiced value of goods and services provided net of VAT and are recognised on an accrual basis. They also include the net refined value of crude oil produced.

Throughput fees reflect the invoiced value of storage fees for petroleum products net of VAT and are recognised on an accrual basis.

Interest income is interest earned from bank deposits and is recognised on an accrual basis.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

2 Material accounting policy information ...continued

d) Investment in associated company

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' profits or losses is recognised in the consolidated statement of comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the price at which stock can be realised in the normal course of business, less incidental costs of transportation, storage and refining. Provision is made for obsolete or slow-moving items. Non-current inventory represents tank heels and can only be sold when tanks are emptied. Amortisation of tank heels is charged over 3 - 5 years depending on the product.

f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

| | |
|------------------------------------|----------------|
| Building | - 3 - 30 years |
| Furniture and office equipment | - 3 - 5 years |
| Motor vehicles | - 4 - 5 years |
| Well equipment | - 15 years |
| Natural gas compression facilities | - 10 years |
| Seismic cost | - 10 years |
| Production and operating equipment | - 10 years |
| Pipelines and terminal | - 35 years |

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statement of comprehensive income.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each consolidated statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

2 Material accounting policy information ...continued

g) Intangible drilling costs and depletion

Intangible drilling costs incurred in the development of an exploratory well are capitalised in these consolidated financial statements under the successful efforts method of accounting.

Intangible drilling costs are amortised on the basis of the existing production of hydrocarbons for the year relative to the total proven developed reserves of hydrocarbons, using a combination of the Decline Curve Analysis and the Empirical Volumetric calculations based on log analysis techniques.

h) Foreign currency translation

i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Barbados dollars, which is the Group's functional and presentation currency.

ii) Transactions and balances

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

i) Employee benefits

The Group operates a defined benefit pension plan on behalf of the employees, the assets of which are held in a segregated fund. The pension plan is funded by payments from employees and the Group, taking into account the recommendations of independent qualified actuaries.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities. All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the consolidated statement of other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the consolidated statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

2 Material accounting policy information ...continued

j) Provisions

Provisions for abandonment are recognised when the Group has a present legal or constructive obligation as a result of past events; if it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, and are shown in the consolidated statement of comprehensive income.

k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

l) Accounts receivable

The Group applies the simplified approach for accounts receivable as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies specific provisions for higher risk accounts using a risk-based methodology based on certain factors, including customer profile and the nature of products sold or services rendered. All other non-specific accounts were grouped together and aged using a 'provisions matrix'. Scaled loss rates were then calculated based on historical payment profiles and applied to the different aging buckets as of the consolidated statement of financial position date. The loss rates were adjusted to incorporate forward-looking information.

m) Taxation

Taxation expense in the consolidated statement of comprehensive income comprises current tax charges.

Current tax charges are based on taxable income for the year, which differs from the income before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at the consolidated statement of financial position date.

The Group follows the liability method of accounting for deferred tax.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

2 Material accounting policy information ...continued

n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the parent company statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised and amortised over the period of the facility to which it relates.

o) Provision for abandonment

A provision is established towards the cost of returning the surface location of each successful well to its original condition. The provision is measured at the present value of the expected future cash flows that will be required to perform the restoration. The provision is updated at each consolidated statement of financial position date for changes in the estimates of the amount or timing of future cash flows and changes in the discount rate. The cost is included as part of the intangible drilling costs and depleted over the production life of the well. The asset cannot decrease below zero and cannot increase above the asset's recoverable amount. If the decrease in provision exceeds the carrying amount of the asset, the excess is recognised immediately in the consolidated statement of comprehensive income. Adjustments that result in an addition to the cost of the asset are assessed to determine if the new carrying amount is fully recoverable or not.

p) Royalty expense

Royalty expense is charged by the Government of Barbados at a rate of 12.5% on the sale of crude oil and natural gas. The basis is in accordance with the substance of the relevant agreements.

q) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost.

r) Impairment of non-financial assets

Property, plant and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

2 Material accounting policy information ...continued

s) Leases

The Group leases land for a period of 50 years from January 2004 with an option to renew for an additional 25 years.

Lease terms are negotiated on an individual basis and include a wide range of different terms and conditions. The lease agreement does not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's lease, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example, term, country, currency and security.

If a readily observable amortising loan rate becomes available to the Group (through recent financing or market data) which has a similar payment profile to the lease, then the Group will use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

2 Material accounting policy information ...continued

s) Leases ...continued

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

An extension option is often included in the lease agreement. This is used to maximise operational flexibility in terms of managing the asset used in the Group's operations. The extension option held is exercisable only by the Group and not by the respective lessor.

t) Financial instruments

i) Financial assets under IFRS 9

Classification

The Group classifies its financial assets in the following measurement category:

- those to be measured at amortised cost (AC)

The classification for debt instruments depends on the Group's business model for managing those assets. It also requires the Group to examine the contractual terms of the cash flows, i.e. whether these represent 'solely payments of principal and interest' (SPPI).

The business model test requires the Group to assess the purpose for holding debt securities (hold to collect, hold to collect and sell or to trade). Substantially all the Group's debt instruments are held to maturity to collect cash flows and accordingly meet the 'hold to collect' criteria.

All debt instruments passing the business model and SPPI tests are classified at amortised cost.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

2 Material accounting policy information ...continued

t) Financial instruments ...continued

i) Financial assets under IFRS 9 ...continued

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included within 'interest income' using the effective interest rate method.

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost.

Accounts receivable

The Group applies the simplified approach for accounts receivable as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies specific provisions for higher risk accounts using a risk-based methodology based on certain factors, including customer profile and the nature of products sold or services rendered. All other non-specific accounts were grouped together and aged using a 'provisions matrix'. Scaled loss rates were then calculated based on historical payment profiles and applied to the different aging buckets as of the consolidated statement of financial position date. The loss rates were adjusted to incorporate forward-looking information.

ii) Financial liabilities

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the statement of financial position date, the following items were classified as financial liabilities: accounts payables, amounts due to shareholder, borrowings and lease liability.

iii) Fair values

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. Except for the amounts due from/to affiliated companies for which fair value cannot be established because the repayment terms are undetermined, estimated fair values are assumed to approximate their carrying values.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

3 Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) *Estimated impairment of assets*

The Group tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in the material accounting policy information section. Management's calculations require the use of estimates.

b) *Depletion of intangible drilling and development costs*

The Group makes provisions for the depletion of its intangible drilling and development costs as stated in Note 14. Judgement is required in determining the level of depletion based on the estimated reserves of the Group's wells.

c) *Employee benefits*

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are disclosed in Note 18. Any changes in these assumptions will impact the carrying amount of pension obligations or assets.

d) *Provision for abandonment*

The Group makes provisions for the cost of returning the surface location of each successful well to its original condition as stated in Note 2(o). Judgement is required in determining the provision based on the present value remedial cost of each well. Assumptions are made with respect to the discount factor, length of time and the expected cost of closure to be incorporated into the present value calculation. These assumptions and the sensitivity to changes are disclosed in Note 16.

e) *Provision for obsolescence*

The Group make provisions for obsolete inventory as disclosed in Note 9. Judgement is required in determining the level of provision based on the age and future use of the inventory item.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management team through continuous review of Group performance.

a) Market risk

i) Foreign currency risk

The Group is not exposed to significant foreign exchange risk. Foreign currency transactions are primarily from petroleum product purchases and maintenance of the terminal facility.

These transactions have been formally fixed to United States dollars (US\$) to mitigate exposure to fluctuations in foreign currency exchange rates, where the Barbados dollar and United States dollar are fixed 2:1.

ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risks. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The return on financial investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new investment may be significantly different from the returns formerly achieved. This is known as reinvestment risk.

The Group's borrowings are issued at fixed rates. The Group is therefore exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase or decrease as a result of such changes.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

| | 2024 | | 2023 | |
|--|------------|--------|------------|-------|
| | \$ | % | \$ | % |
| Fixed rate borrowings - repricing or maturity dates: | | | | |
| Less than 1 year | 12,038,113 | 16.67 | 11,733,051 | 14.06 |
| 1 - 5 years | 45,453,433 | 62.95 | 45,332,260 | 54.34 |
| Over 5 years | 14,708,711 | 20.38 | 26,361,057 | 31.60 |
| | 72,200,257 | 100.00 | 83,426,368 | 100 |

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's credit risk arises from cash and cash equivalents, deposits with financial institutions as well as credit exposure to customers and other receivables.

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history, financial position, credit quality and other factors. Sales balances due from customers are settled in cash. Deposits are placed only with well known banks and financial institutions.

The maximum credit risk exposure is as follows:

| | 2024 | | 2023 | |
|--------------------------------|------------|--------|------------|--------|
| | \$ | % | \$ | % |
| Cash and bank balances | 2,457,788 | 2.84 | 3,191,909 | 4.00 |
| Term deposits | 187,654 | 0.22 | 187,654 | 0.24 |
| Accounts and other receivables | 56,320,542 | 65.19 | 55,985,368 | 70.17 |
| Due from shareholder | 18,834,283 | 21.80 | 11,654,297 | 14.61 |
| Due from associated company | 6,142,105 | 7.11 | 6,300,167 | 3.08 |
| Financial investments | 2,453,249 | 2.84 | 2,453,249 | 7.90 |
| | 86,395,621 | 100.00 | 79,772,644 | 100.00 |

The Group recognises provision for losses for assets subject to credit risk using the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group uses three approaches in arriving at expected losses:

The simplified approach (for accounts receivable)

The general approach (for all other financial assets)

A practical expedient for financial assets with low credit risk (intercompany balances)

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for accounts receivable. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Group first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on qualitative and quantitative factors using a LGD matrix. All other non-specific accounts receivable are then grouped based on shared credit risk characteristics and the days past due.

The expected loss rates for non-specific accounts are based on the payment profiles of sales over a period of 72 months starting April 1, 2017 and ending on March 31, 2023 and the corresponding historical credit losses experienced within this period.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

b) Credit risk ...continued

Practical expedient for financial assets with low credit risk

As an exception to the simplified and general approaches, if the credit risk of a financial instrument is low at the reporting date, the Group can measure impairment using 12-month ECL, and so it does not have to assess whether a significant increase in credit risk has occurred.

The financial instrument has to meet the following requirements, in order for this practical expedient to apply:

- it has a low risk of default;
- the borrower is considered, in the short term, to have a strong capacity to meet its obligations in the near term; and
- the lender expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

Incorporation of forward-looking information

Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified indicators such as trends in days sales outstanding for key customers and macroeconomic indicators of the country to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the consolidated statement of comprehensive income.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

b) Credit risk ...continued

Assets written off ...continued

The Group provides for credit losses on financial assets (including related party balances arising in the normal course of operations) as follows:

March 31, 2024

| Category | Credit rating | Average ECL rate % | Estimated EAD \$ | Expected credit loss \$ |
|------------------------------|---|--------------------------|------------------------|-------------------------------|
| Performing (Stage 1) | Amounts due from associated company in the 1 to 30 days category | 6.7 | 42 | 7 |
| Underperforming (Stage 2) | Amounts due from associated company in the 31 to 90 days category | 21.9 | 56,947 | 32 |
| Non-performing (Stage 3) | Amounts due from associated company over 90 days | 88.1 | 12,419,537 | 6,334,382 |
| Write-off | Recovery is highly unlikely | — | — | — |
| TOTAL | | 50.8 | 12,476,526 | 6,334,421 |

| Credit Rating | Estimated EAD |
|--|------------------|
| Financial assets in the 1 to 30 days category | 42 |
| Financial assets in the 31 to 90 days category | 56,947 |
| Financial assets over 90 days | 12,419,537 |
| Recovery is highly unlikely | — |
| | 12,476,526 |

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

b) Credit risk ...continued

March 31, 2023

| Category | Credit rating | Average ECL rate % | Estimated EAD \$ | Expected credit loss \$ |
|------------------------------|---|--------------------------|------------------------|-------------------------------|
| Performing (Stage 1) | Amounts due from associated company in the 1 to 30 days category | — | (928,356) | — |
| Underperforming (Stage 2) | Amounts due from associated company in the 31 to 90 days category | — | — | — |
| Non-performing (Stage 3) | Amounts due from associated company over 90 days | 56.4 | 16,583,599 | 9,355,076 |
| Write-off | Recovery is highly unlikely | — | — | — |
| TOTAL | | 59.7 | 15,655,243 | 9,355,076 |

| Credit Rating | Estimated EAD |
|--|-------------------|
| Financial assets in the 1 to 30 days category | (928,356) |
| Financial assets in the 31 to 90 days category | — |
| Financial assets over 90 days | 16,583,599 |
| Recovery is highly unlikely | — |
| | <u>15,655,243</u> |

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities to meet reasonable expectations of its short term obligation. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Less than 1 year \$ | More than 1 year \$ | Total \$ |
|---|---------------------------|---------------------------|--------------------|
| At March 31, 2024 | | | |
| Bank overdraft | 873,009 | — | 873,009 |
| Accounts payable | 24,302,730 | — | 24,302,730 |
| Due to shareholder | 3,374,173 | 25,148,235 | 28,522,408 |
| Lease liability | 1,516 | 4,393,103 | 4,394,619 |
| Borrowings | 14,918,843 | 68,114,722 | 83,033,565 |
| | 43,470,271 | 97,656,060 | 141,126,331 |
| Off financial statement exposure | | | |
| Guarantee and letter of credit | — | 30,800,000 | 30,800,000 |
| Total liabilities | 43,470,271 | 128,456,060 | 171,926,331 |
| At March 31, 2023 | | | |
| Bank overdraft | 15,410,662 | — | 15,410,662 |
| Accounts payable | 35,345,005 | — | 35,345,005 |
| Due to shareholder | 729,954 | 19,064,707 | 19,794,661 |
| Lease liability | 1,365 | 4,394,619 | 4,395,984 |
| Borrowings | 15,324,514 | 84,045,148 | 99,369,662 |
| | 66,811,500 | 107,504,474 | 174,315,974 |
| Off financial statement exposure | | | |
| Guarantee and letter of credit | — | 30,800,000 | 30,800,000 |
| Total liabilities | 66,811,500 | 138,304,474 | 205,115,974 |

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

c) Liquidity risk ...continued

The table below analyses the Group's financial assets into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date.

| | Less than 1 year \$ | More than 1 year \$ | Total \$ |
|---|---------------------------|---------------------------|-------------------|
| At March 31, 2024 | | | |
| Cash and cash equivalents | 2,457,788 | — | 2,457,788 |
| Term deposits | 187,654 | — | 187,654 |
| Accounts and other receivables | 56,320,542 | — | 56,320,542 |
| Due by shareholder | 18,834,283 | — | 18,834,283 |
| Due from associated company | 6,142,105 | — | 6,142,105 |
| Financial investments | — | 2,453,249 | 2,453,249 |
| Assets held for managing liquidity | 83,942,372 | 2,453,249 | 86,395,621 |
| At March 31, 2023 | | | |
| Cash and cash equivalents | 3,191,909 | — | 3,191,909 |
| Term deposits | 187,654 | — | 187,654 |
| Accounts and other receivables | 55,985,368 | — | 55,985,368 |
| Due by shareholder | 11,654,297 | — | 11,654,297 |
| Due from associated company | 6,300,167 | — | 6,300,167 |
| Financial investments | — | 2,453,249 | 2,453,249 |
| Assets held for managing liquidity | 77,319,395 | 2,453,249 | 79,772,644 |

Capital risk management

The Group's objective is to provide returns to its shareholders and benefits to other stakeholders and to reduce operating cost.

The Group uses the gearing ratio to monitor capital. This ratio is calculated as net debt divided by total capital. Net debt is current borrowings less cash. Total capital is equity plus net debt.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

5 Cash and cash equivalents

| | 2024 \$ | 2023 \$ |
|--------------------------|------------------|---------------------|
| Cash on hand and at bank | 2,457,788 | 3,191,909 |
| Bank overdraft | (873,009) | (15,410,662) |
| | <u>1,584,779</u> | <u>(12,218,753)</u> |

The Group has a credit facility with the bank of \$15,000,000. Any excesses over the agreed overdraft limit which the bank may allow at its discretion, whether requested or not will attract an interest rate of 8% above the effective rate per annum, in addition to a fee of \$60 for every debit entry. At March 31, 2024 the rate of interest on the bank overdraft was 6%.

6 Term deposits

| | 2024 \$ | 2023 \$ |
|---------------|----------------|----------------|
| Term deposits | <u>187,654</u> | <u>187,654</u> |

Term deposits have maturities of 6 months or less and bear interest at 0.01% (2023 - 0.01%). A lien over term deposits amounting to US\$75,000 (2023 - US\$75,000) has been given as security for the Group's \$40M loan facility.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

7 Accounts and other receivables

| | 2024 \$ | 2023 \$ |
|---|-------------------|-------------------|
| Trade receivables | 49,443,632 | 50,311,188 |
| Less: Loss allowance | — | — |
| | 49,443,632 | 50,311,188 |
| Lease receivables | 2,271,175 | 2,271,175 |
| Less: Loss allowance | (121,710) | (121,710) |
| | 2,149,465 | 2,149,465 |
| Duty prepaid | 7,276,911 | 8,179,054 |
| VAT receivable | 7,631,319 | 11,490,334 |
| Other receivables | 4,727,445 | 3,524,715 |
| Total accounts and other receivables | 71,228,772 | 75,654,756 |

The other classes within accounts receivable do not contain impaired assets.

The maximum exposure to credit risk at March 31, 2024 is the fair value of each class of receivable mentioned above, which approximates their carrying values. The Group does not hold any collateral as security.

Lease receivables relate to the financing arrangements granted to customers for renewable energy systems. Interest is charged at a rate of 6.5% to 8.5% per annum.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

8 Related party transactions

The following transactions were carried out with related parties:

i) Sales of goods and services

| | 2024 \$ | 2023 \$ |
|--|------------|------------|
| Sale of natural gas to shareholder (note 21) | 28,039,876 | 27,171,414 |

ii) Key management compensation

Key management comprises directors and senior management of the Group. Compensation to these individuals was as follows:

| | 2024 \$ | 2023 \$ |
|--|------------|------------|
| Salaries and other short-term benefits | 1,709,603 | 1,627,771 |
| Directors' fees | 172,000 | 172,800 |

iii) Due from associated company

| | 2024 \$ | 2023 \$ |
|-----------------------------|------------------|------------------|
| Due from associated company | 12,476,526 | 15,655,243 |
| Less: loss allowance | (6,334,421) | (9,355,076) |
| | <u>6,142,105</u> | <u>6,300,167</u> |

The amount due from Asphalt Processors Inc. arises from sale transactions and is unsecured and bears no interest.

iv) Due from shareholder

| | 2024 \$ | 2023 \$ |
|--------------------------------|-------------------|-------------------|
| National Petroleum Corporation | <u>18,834,283</u> | <u>11,654,297</u> |

This amount is in the normal course of business and is normally payable within 30 days of the invoice date.



Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

8 Related party transactions ...continued

v) Due to shareholder

| | 2024 \$ | 2023 \$ |
|-----------------------|-------------------|-------------------|
| Current: | | |
| Operating charges (i) | — | 174,356 |
| IDB loan (ii) | 3,374,173 | 555,598 |
| | 3,374,173 | 729,954 |
| Non-current: | | |
| IDB loan (ii) | 25,148,235 | 19,064,707 |

- i) This amount arises mainly from sale transactions and is unsecured and interest free and without terms of repayment.
- ii) On June 14, 2017, the Government of Barbados entered into loan contract no. 3843/OC-BA with the Inter-American Development Bank for a project entitled "Deployment of Cleaner Fuels and Renewable Energies in Barbados" in the amount of US\$34 million. Subsequently on January 8, 2019, the Government of Barbados entered into an on-lending agreement with the National Petroleum Corporation (the Corporation) to execute the project. Subsequently, the Corporation and Barbados National Oil Company Limited (BNOCL) entered into an institutional cooperation framework agreement which identified components of the project in favour of BNOCL and the commitments of each party. The Corporation and BNOCL then entered into a repayment agreement to determine the allocation of funds between each entity. The project commenced June 14, 2017 and the disbursement period was scheduled to be completed six years from the effective date of the loan contract. On June 9, 2023 the IDB granted a general extension of twenty-four (24) months to the disbursement period to June 14, 2025. The loan is being repaid semi-annually, with the first installment due from the Borrower seventy-eight (78) months after the effective date of the loan contract and the last installment paid no later than the final amortisation date which is twenty-four (24) years from the effective date of the loan contract. As such repayments commenced in November 2023.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

9 Inventories

| | 2024 \$ | 2023 \$ |
|---|---------------------|---------------------|
| Refined products | 14,484,464 | 20,062,206 |
| Crude oil | 6,958,412 | 2,233,134 |
| Materials | 18,797,975 | 19,086,163 |
| Sand | 207,700 | 207,700 |
| Biodiesel | 41,517 | 17,982 |
| Renewable energy supplies | 5,128,008 | 5,765,990 |
| Goods in transit | 975,649 | 639,853 |
| | 46,593,725 | 48,013,028 |
| Less: non-current inventories | (369,711) | — |
| | 46,224,014 | 48,013,028 |
| Less: provision for obsolescence on materials | (16,591,309) | (16,612,035) |
| | 29,632,705 | 31,400,993 |

10 Accounts payable and accrued liabilities

| | 2024 \$ | 2023 \$ |
|--------------------|-------------------|-------------------|
| Accounts payable | 24,302,730 | 35,345,004 |
| VAT payable | 490,155 | 3,007 |
| Accrued expenses | 3,308,365 | 5,243,292 |
| Payroll deductions | 154,458 | 153,310 |
| Unearned revenue | 1,539,769 | 1,323,895 |
| Duty payable | 5,955,894 | 6,658,258 |
| | 35,751,371 | 48,726,766 |

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

11 Borrowings

| | 2024 \$ | 2023 \$ |
|------------------------------|-------------------|-------------------|
| Non-current | | |
| i) Fixed rate bond - \$50m | 3,750,000 | 6,250,000 |
| ii) Bank borrowings - \$30m | 15,188,478 | 18,889,954 |
| iii) Bank borrowings - \$40m | 24,896,278 | 28,680,335 |
| iv) Bank borrowings - \$20m | 16,327,388 | 17,873,028 |
| | 60,162,144 | 71,693,317 |
| Current | | |
| Borrowings | 12,038,113 | 11,733,051 |
| Total borrowings | 72,200,257 | 83,426,368 |

i) Fixed rate bond - \$50m

A fixed rate \$50,000,000 Bond 2004 - 2026 with interest payable semi-annually in arrears based on the outstanding principal, computed on a 360 day basis. The bond is secured by a Guarantee to the extent of \$50,000,000 from the Government of Barbados.

The effective interest rates applicable to this bond over the life of the bond, are as follows:

| | |
|---------------|-------|
| First 2 years | 5.75% |
| Next 5 years | 6.25% |
| Next 5 years | 6.75% |
| Next 5 years | 7.00% |
| Last 5 years | 7.25% |

The bond initially had a 2 year moratorium on principal payments, followed by equal semi-annual payments of principal. Repayment of principal on this bond commenced on December 11, 2006.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

11 Borrowings ...continued

ii) Bank borrowings - \$30m loan

On August 12, 2020, Republic Bank (Barbados) Limited committed to provide a demand facility of \$30,000,000 with an annual interest of 3.95% which is fixed for the first 5 years. The balance is repayable quarterly in arrears based on the outstanding principal, computed on a 360 day basis with payments of principal and interest of \$1,097,997 over 8 years. The effective rate applicable to this loan at the statement of financial position date was 3.95%.

The bond and loans are secured by the following securities:

- Guarantee dated February 16, 2010 from the Company for \$30.8m.
- First legal debenture/mortgage stamped to cover \$30m over the fixed and floating assets of a subsidiary with a specific charge over the property and terminal facility at Fairy Valley, Christ Church.
- Trident Insurance Company Limited policy number FC-036115 over the stock of the Company held at Fairy Valley, Christ Church and anywhere else the Company operates. Sum insured US\$100m expiring April 1, 2024.
- Letter of Undertaking dated January 12, 2006 from the Company to remit funds to satisfy monthly loan repayments at the Bank's request.
- Cross Guarantees both dated November 16, 2020 from the Company and a subsidiary.
- Guarantee dated April 26, 2012 from The State in the Right of The Government of Barbados stamped to cover \$120M.

iii) Bank borrowings - \$40m loan

In 2021, a 10 year commercial mortgage loan was entered into between the Company and Republic Bank (Barbados) Limited, for a total of \$40,000,000. This has been executed to assist the Company with the liquidation of the overdraft of \$30m and to provide capital support. Repayment is made in quarterly blended principal and interest payments of \$1,215,335 at a rate of 3.95% per annum, which is fixed for 5 years and subject to review thereafter.

iv) Bank borrowings - \$20m loan

During the year, a 10 year commercial loan was entered into between the Company and Republic Bank (Barbados) Limited, for a total of \$20,000,000. This was executed to assist the Company with the repayment of taxes owed to the Government of Barbados. Repayment is made in monthly blended principal and interest payments of \$212,132 at a rate of 5% per annum.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

11 Borrowings ...continued

The loans are secured by the following securities:

- i) First freehold debenture/mortgage dated December 12, 2006 stamped to cover \$30,000,000 over the fixed and floating assets of the Company, with a specific charge over property located at Woodbourne Plantation, Woodbourne, St. Philip.
- ii) Further upstamp of freehold debenture mortgage by \$10,000,000 dated November 16, 2020 over the fixed and floating assets of the Company and of a subsidiary as surety and principal obligor, with a specific charge over property located at Woodbourne, St. Philip.
- iii) Assignment of Trident Insurance Company Limited Policy Number FC-36115 over Fairy Valley, Christ Church and anywhere else the Company operates from in Barbados. Sum Insured US \$100,000,000. Expiring April 1, 2024.
- iii) Lien over term deposit in the name of the Company for the equivalent of US\$75,000.
- iv) Cross guarantees both dated November 16, 2020 from two subsidiaries.

The fair values of the borrowings as at March 31, 2024 was \$70,356,569 (2023 - \$71,256,924). The fair values are based on cash flows discounted using a rate based on the latest bond rates which range from 2.9% to 5.1% (2023 - 2.50% to 14.63%).

12 Financial investments

| | 2024 \$ | 2023 \$ |
|--|------------------|------------------|
| Financial assets at amortised cost: | | |
| Government of Barbados Series D Bond | <u>2,453,249</u> | <u>2,453,249</u> |

The bond accrues interest at 1.5% and matures on August 31, 2053.

The fair value of financial assets at amortised cost at year end was \$1,880,351 (2023 - \$1,774,236).

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

13 Investment in associated companies

| | 2024 \$ | 2023 \$ |
|---|------------------|----------------|
| Net assets - beginning of year | 691,582 | 1,628,237 |
| Share of net income/(loss) of associated company for the year | 625,478 | (936,905) |
| | <u>1,317,060</u> | <u>691,332</u> |
| Purchase of investment in associated company | <u>—</u> | <u>250</u> |
| Net assets - end of year | <u>1,317,060</u> | <u>691,582</u> |

The Group has a 30.40% interest in the associated company, Asphalt Processors Inc., a company incorporated in Barbados.

In 2023, the entity invested \$250 in Seed21 Energy Limited.

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

14 Property, plant and equipment

| | Land, buildings & leasehold improvements \$ | Furniture, fittings and office equipment \$ | Motor vehicles \$ | Well equipment \$ | LPG processing facilities \$ | Seismic cost \$ | Production and operation equipment \$ | Intangible drilling and development costs \$ | Construction in progress \$ | Total \$ |
|--|---|---|-------------------------|-------------------------|---------------------------------------|-----------------------|---|--|-----------------------------------|---------------|
| At March 31, 2022 | | | | | | | | | | |
| Cost | 22,289,444 | 9,240,138 | 3,884,804 | 38,908,042 | 14,258,976 | 1,102,082 | 164,539,266 | 197,646,989 | 19,729,647 | 471,599,388 |
| Accumulated depreciation | (10,723,072) | (8,666,522) | (3,449,453) | (36,408,687) | (12,094,393) | (1,091,027) | (98,247,197) | (151,125,807) | — | (321,806,158) |
| Net book amount | 11,566,372 | 573,616 | 435,351 | 2,499,355 | 2,164,583 | 11,055 | 66,292,069 | 46,521,182 | 19,729,647 | 149,793,230 |
| Year ended March 31, 2023 | | | | | | | | | | |
| Opening net book amount | 11,566,372 | 573,616 | 435,351 | 2,499,355 | 2,164,583 | 11,055 | 66,292,069 | 46,521,182 | 19,729,647 | 149,793,230 |
| Additions | — | 179,570 | — | — | — | 294,418 | 2,180,733 | 321,696 | 1,417,159 | 4,393,576 |
| Additions from NPC Project | — | — | 699,535 | — | — | — | 900,679 | — | — | 1,600,214 |
| Execution Unit Transfers | — | — | — | — | — | — | 4,037,883 | — | (4,037,883) | — |
| Transfers in from deposit on property, plant and equipment | — | — | — | — | — | — | — | — | 384,008 | 384,008 |
| Increase in provision for abandonment | — | — | — | — | — | — | — | 342,006 | — | 342,006 |
| Disposals - cost | — | — | (229,488) | — | — | — | — | — | — | (229,488) |
| Disposals - accumulated depreciation | — | — | 229,488 | — | — | — | — | — | — | 229,488 |
| Depreciation and depletion charges | (770,031) | (282,644) | (234,089) | (483,089) | (246,791) | (10,936) | (5,503,186) | (1,118,211) | — | (8,648,977) |
| Closing net book amount | 10,796,341 | 470,542 | 900,797 | 2,016,266 | 1,917,792 | 294,537 | 67,908,178 | 46,066,673 | 17,492,931 | 147,864,057 |

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

14 Property, plant and equipment ...continued

| | Land, buildings & leasehold improvements \$ | Furniture, fixtures and office equipment \$ | Motor vehicles \$ | Well equipment \$ | LPG processing facilities \$ | Seismic cost \$ | Production and operation equipment \$ | Intangible drilling and development costs \$ | Construction in progress \$ | Total \$ |
|---|---|---|-------------------------|-------------------------|---------------------------------------|-----------------------|---|--|-----------------------------------|---------------|
| At March 31, 2023 | | | | | | | | | | |
| Cost | 22,289,444 | 9,419,708 | 4,354,851 | 38,908,042 | 14,258,976 | 1,396,500 | 171,658,561 | 198,310,691 | 17,492,931 | 478,089,704 |
| Accumulated depreciation | (11,493,103) | (8,949,166) | (3,454,054) | (36,891,776) | (12,341,184) | (1,101,963) | (103,750,383) | (152,244,018) | — | (330,225,647) |
| Net book amount | 10,796,341 | 470,542 | 900,797 | 2,016,266 | 1,917,792 | 294,537 | 67,908,178 | 46,066,673 | 17,492,931 | 147,864,057 |
| Year ended March 31, 2024 | | | | | | | | | | |
| Opening net book amount | 10,796,341 | 470,542 | 900,797 | 2,016,266 | 1,917,792 | 294,537 | 67,908,178 | 46,066,673 | 17,492,931 | 147,864,057 |
| Additions | 24,539 | 517,197 | 205,298 | — | — | — | 1,735,815 | — | 786,610 | 3,269,459 |
| Disposals | — | — | — | — | — | — | — | — | — | — |
| Transfers | 79,704 | 86,520 | — | — | — | — | (86,520) | — | (79,704) | — |
| Adjustments | — | — | — | — | — | — | (288,702) | — | — | (288,702) |
| Increase in provision for abandonment | — | — | — | — | — | — | — | — | — | — |
| Disposals - cost | — | — | (233,358) | — | — | — | — | — | — | — |
| Disposals - accumulated depreciation | — | — | 145,872 | — | — | — | — | — | — | 145,872 |
| Depreciation and depletion charges | (772,640) | (466,720) | (256,854) | (477,334) | (233,410) | (34,465) | (5,940,028) | (1,350,913) | — | (9,532,364) |
| Closing net book amount | 10,127,944 | 1,083,702 | 761,755 | 1,538,932 | 1,684,382 | 260,072 | 63,328,743 | 45,955,793 | 26,547,887 | 151,289,210 |

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

14 Property, plant and equipment ...continued

| | Land, buildings & leasehold improvements | Furniture, fittings and office equipment | Motor vehicles | Well equipment | LPG processing facilities | Seismic cost | Production and operation equipment | Intangible drilling and development costs | Construction in progress | Total |
|-----------------------------|---|---|-------------------|-------------------|---------------------------------|-----------------|---|--|-----------------------------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| At March 31, 2024 | | | | | | | | | | |
| Cost | 22,393,687 | 10,499,588 | 4,326,791 | 38,908,042 | 14,258,976 | 1,396,500 | 173,019,154 | 199,550,724 | 26,547,887 | 490,901,349 |
| Accumulated depreciation | (12,265,743) | (9,415,886) | (3,565,036) | (37,369,110) | (12,574,594) | (1,136,428) | (109,690,411) | (153,594,931) | — | (339,612,139) |
| Net book amount | 10,127,944 | 1,083,702 | 761,755 | 1,538,932 | 1,684,382 | 260,072 | 63,328,743 | 45,955,793 | 26,547,887 | 151,289,210 |

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

15 Deposit on plant and equipment

At March 31, 2024, the Group had made deposits totalling \$805,025 (2023 - \$308,169) on plant and equipment. A further \$219,588 (2023 - \$119,440) is due in relation to the plant and equipment.

16 Provision for abandonment

| | 2024 \$ | 2023 \$ |
|---|-------------------|-------------------|
| Balance at beginning of year | 10,410,953 | 10,068,947 |
| Increase in provision for abandonment (note 14) | 1,240,033 | 342,006 |
| Balance at end of year | 11,650,986 | 10,410,953 |

The Group has established a provision of \$11,650,986 (2023 - \$10,410,953) towards remediation costs which are estimated to be \$49,160 (2023 - \$43,928) per well which is required to return the surface location of wells to their original condition. The cost of abandonment is included in intangible drilling and development costs under property, plant and equipment and is amortised to the consolidated statement of comprehensive income in line with the Group's depletion charge for the year. The estimated price per well is the present value of \$105,000 per well over a 11 year period at a discount rate of 7.186% (2023 - \$105,000 per well over a 12 year period at a discount rate of 7.21%).

The sensitivity of the provision for abandonment to changes in the weighted principal assumptions is as follows:

| | Impact on provision for abandonment | | |
|---------------|-------------------------------------|------------------------|------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1% | 10,519,612 | 12,916,401 |
| Cost | 10% | 12,816,085 | 10,485,888 |
| Period | 1 year | 11,143,017 | 12,215,087 |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

17 Leases

i) Amounts recognised in the consolidated statement of financial position:

| | 2024 \$ | 2023 \$ |
|---------------------------|--------------------|--------------------|
| Right-of-use asset | | |
| Land | <u>3,230,708</u> | <u>3,289,447</u> |
| Lease liabilities | | |
| Current | (1,516) | (1,365) |
| Non-current | <u>(4,393,103)</u> | <u>(4,394,619)</u> |
| Total | <u>(4,394,619)</u> | <u>(4,395,984)</u> |

Additions to right-of-use asset during the 2024 financial year were \$Nil (2023 - \$Nil).

ii) Amounts recognised in the consolidated statement of comprehensive income:

| | 2024 \$ | 2023 \$ |
|---|------------------|------------------|
| Depreciation charge of right-of-use assets | | |
| Land | <u>(58,739)</u> | <u>(58,739)</u> |
| Interest expense (included in finance costs) | <u>(486,635)</u> | <u>(486,771)</u> |

The total cash outflow for leases was \$488,000 (2023 - \$488,000).

18 Employee benefits

The Group operates defined benefit pension plans for their employees under segregated fund policies with Sagcor Life Inc. The plans are valued triennially by independent actuaries. The next full triennial valuation is due on April 1, 2024. Interim valuations are performed each year.

In respect of the defined benefit plans operated by the Group, the amounts recognised in the consolidated statement of financial position are as follows:

| | 2024 \$ | 2023 \$ |
|---|--------------------|--------------------|
| Fair value of plan assets | 28,910,420 | 26,636,964 |
| Present value of funded obligations | (28,119,934) | (26,790,589) |
| Effect of IFRIC 14 | <u>(3,218,561)</u> | <u>(2,705,181)</u> |
| Net liability in the consolidated statement of financial position | <u>(2,428,075)</u> | <u>(2,858,806)</u> |

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

18 Employee benefits ...continued

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

| | 2024 \$ | 2023 \$ |
|--|-------------|-------------|
| Fair value of plan assets at beginning of year | 26,636,964 | 25,408,508 |
| Actual return on plan assets | 1,553,507 | (39,849) |
| Contributions - employer | 1,685,013 | 1,912,593 |
| Contributions - employee | 381,955 | 393,619 |
| Benefits paid | (1,347,019) | (1,037,907) |
| Fair value of plan assets at end of year | 28,910,420 | 26,636,964 |

The movement in the present value of funded obligations is as follows:

| | 2024 \$ | 2023 \$ |
|--|-------------|-------------|
| Present value of funded obligations at beginning of year | 26,790,589 | 24,869,622 |
| Interest cost | 2,238,752 | 2,090,086 |
| Current service cost (including voluntary contributions) | 1,188,356 | 1,148,420 |
| Benefits paid | (1,347,019) | (1,037,907) |
| Actuarial gain on obligation | (750,744) | (279,632) |
| Present value of funded obligations at end of year | 28,119,934 | 26,790,589 |

Movements in the net liability recognised in the consolidated statement of financial position are as follows:

| | 2024 \$ | 2023 \$ |
|---|-------------|-------------|
| Net liability at beginning of year | (2,858,806) | (3,646,017) |
| Net expense recognised in the consolidated statement of comprehensive income | (1,041,083) | (994,116) |
| Contributions paid | 1,685,013 | 1,912,593 |
| Remeasurements included in the consolidated statement of other comprehensive income | (213,199) | (131,266) |
| Net liability at end of year | (2,428,075) | (2,858,806) |

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

18 Employee benefits ...continued

The amounts recognised in the consolidated statement of comprehensive income are as follows:

| | 2024 \$ | 2023 \$ |
|-------------------------------------|-------------|-------------|
| Current service cost | 806,401 | 754,801 |
| Interest on obligation | 2,238,752 | 2,090,086 |
| Expected return on plan assets | (2,227,247) | (2,148,519) |
| Interest on effect of IFRIC 14 | 223,177 | 297,748 |
| Total included in employee expenses | 1,041,083 | 994,116 |

The amounts recognised in other comprehensive income are as follows:

| | 2024 \$ | 2023 \$ |
|--|-------------|-------------|
| Actuarial gain on obligation | 750,744 | 279,632 |
| Actual return on plan assets | 1,553,507 | (39,849) |
| Expected return on plan assets | (2,227,247) | (2,148,519) |
| Effect of asset ceiling | — | 575,834 |
| Effect of IFRIC 14 | (290,203) | 1,201,636 |
| Total included in other comprehensive income | (213,199) | (131,266) |

| | 2024 \$ | 2023 \$ |
|------------------------------|------------|------------|
| Actual return on plan assets | 1,553,507 | (39,849) |

Plan assets are comprised as follows:

| | 2024 | 2023 |
|--------------------------------|------|------|
| Mortgages | 24% | 22% |
| Bonds | 53% | 51% |
| Equities | 20% | 20% |
| Real estate | 2% | 2% |
| Current assets and liabilities | 1% | 5% |
| | 100% | 100% |

Expected contributions for the year ending March 31, 2025 are \$1,600,141.

The weighted average duration of the defined benefit plan is 13.81 to 16.24 years.

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

18 Employee benefits ...continued

Assets are matched to the pension obligations by investing in long term securities with maturities that match the benefits payments as they fall due and in the currency of benefit payments. Whether the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligation is monitored actively. The Group has not changed the processes used to manage its risk from previous years. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Principal actuarial assumptions at the consolidated statement of financial position date are as follows:

| | 2024 | 2023 |
|---|-------|-------|
| Discount rate at end of year | 8.25% | 8.25% |
| Expected return on plan assets at end of year | 8.25% | 8.25% |
| Future promotional salary increases | 2.50% | 2.50% |
| Future pension increases | 1.25% | 1.25% |
| Future inflationary salary increases | 4.25% | 4.25% |
| Future changes in NIS Ceiling | 4.25% | 4.25% |
| Mortality | GAM94 | GAM94 |

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Barbados bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

Responsibility for the governance of the plan lies with the board of trustees. The trustees invest the funds for the defined benefits section of the plan primarily via two pooled segregated funds and amend their asset allocation benchmark as necessary to meet the objectives. The government bonds in the funds represent primarily investments in Government of Barbados securities. There are limited investments in corporate bonds.

However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting Group, a level of continuing equity investment is an appropriate element of the Group's long term strategy to manage the plan efficiently.

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

18 Employee benefits ...continued

Changes in bond yields

A decrease in Government of Barbados bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| | Defined benefit obligation | Impact on defined benefit obligation | | |
|---------------------|----------------------------------|--------------------------------------|---------------------------|---------------------------|
| | | Change in assumption | Increase in assumption | Decrease in assumption |
| Base IAS 19 results | 28,119,934 | | | |
| Discount rate | | 1% | 24,919,818 | 32,101,849 |
| Salary growth rate | | 0.5% | 29,088,202 | 27,219,877 |
| Life expectancy | | 1 year | 29,168,546 | — |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension plan liability recognised within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

19 Taxation

Deferred taxes

| | 2024 \$ | 2023 \$ |
|---|------------|------------|
| Deferred tax liability - beginning of year | (715,815) | (570,334) |
| Deferred tax credit/(charge) | 872,817 | (126,209) |
| Deferred tax credit/(charge) relating to components of other comprehensive income | 19,188 | (19,272) |
| Deferred tax asset/(liability) - end of year | 176,190 | (715,815) |

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

19 Taxation ...continued

Deferred taxes ...continued

The deferred tax asset/(liability) recognised is comprised as follows:

| | 2024 \$ | 2023 \$ |
|--|------------------|---------------------|
| Accelerated tax depreciation | (22,472,219) | (30,075,983) |
| Unutilised tax losses (note 24) | 20,495,598 | 16,376,528 |
| Employee benefits (asset)/liability (note 18) | 2,428,075 | (421,895) |
| Inventory obsolescence | 342,306 | — |
| Right-of-use asset (note 17) | (3,230,708) | (3,289,447) |
| Lease liability (note 17) | 4,394,619 | 4,395,984 |
| | <u>1,957,671</u> | <u>(13,014,813)</u> |
| Deferred tax asset/(liability) at 9% (2023 - 5.5%) | <u>176,190</u> | <u>(715,815)</u> |

The above temporary differences have no expiry date, except for unutilised tax losses, the expiry dates of which are disclosed in Note 24.

The potential deferred tax asset in the prior year which was not recognised due to the uncertainty of future profits against which to offset it, has been recognised in the current year since it has been assessed to be recoverable.

The unrecognised deferred tax asset in the prior year consisted of the following components:

| | 2023 \$ |
|---|-------------------|
| Delayed tax depreciation | 5,105,338 |
| Unutilised tax losses (note 24) | 27,321,657 |
| Inventory provision | 342,306 |
| Employee benefits liability (note 18) | <u>3,280,701</u> |
| | <u>36,050,002</u> |
| Deferred tax asset not recognised in 2023 at 5.5% | <u>1,982,750</u> |

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

19 Taxation ...continued

Current taxes

The corporation tax charge for the year is comprised as follows:

| | 2024 \$ | 2023 \$ |
|------------------------------|-----------------|----------------|
| Current tax charge | 852,455 | 145,585 |
| Deferred tax (credit)/charge | (872,817) | 126,209 |
| | <u>(20,362)</u> | <u>271,794</u> |

The tax on the Group's income before taxation, differs from the theoretical amount that would arise using the statutory taxation rate of Barbados as follows:

| | 2024 \$ | 2023 \$ |
|--|-------------------|------------------|
| Income before taxation | <u>34,140,551</u> | <u>1,473,928</u> |
| Tax calculated at statutory rate of 9%/5.5% (2023 - 5.5%) | 1,877,731 | 81,065 |
| Effect of sliding scale of tax rates | (273,729) | (73,969) |
| Tax effects of the following: | | |
| Expenses not deductible for tax purposes | 42,052 | 709,042 |
| Movement in deferred tax asset not recognised | (396,869) | (190,944) |
| Deferred tax asset now recognised | (1,585,881) | — |
| Prior year over provision - current and deferred tax | 697,288 | (167,951) |
| Change in tax rate during the year on opening deferred tax | (1,263,713) | — |
| Rate at which deferred tax is computed | 660,936 | — |
| Income taxed at a different rate | 151,390 | — |
| Tax losses expiring unutilised | 274,436 | — |
| Investment allowance | (204,003) | (85,449) |
| | <u>(20,362)</u> | <u>271,794</u> |

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

19 Taxation ...continued

Petroleum Winning Operations Taxation Act, Cap. 82

- a) Under the Petroleum Winning Operations Taxation Act, Cap. 82, the company is not subject to taxation until its level of regular exports of petroleum average 10,000 barrels a day, measured over a period of 30 consecutive days, or until the expiration of a period of five years from the date on which petroleum was first regularly exported by the company, whichever is earlier. The company did not meet these criteria during the current or prior year.
- b) In 2006, the company took over the selling and distribution operations of refined petroleum products from its subsidiary, Barbados National Terminal Co. Ltd. This activity is subject to tax and is not exempt under the Petroleum Winning Operations Taxation Act, Cap. 82, as described above.

G20 Inclusive Framework on Base Erosion and Profit Shifting (the Inclusive Framework) Two-Pillar solution

On November 7, 2023, the Prime Minister of Barbados and Minister of Finance, the Honourable Mia Mottley (PM), delivered a Ministerial Statement to the House of Assembly on international tax developments and various proposed amendments to the Income Tax Act.

Based on the PM's statement, effective January 1, 2024, the following corporation tax rates are applicable:

- a company that is not a member of a MNE group; a company that is a member of an MNE group with consolidated revenue of less than Euro 750m or a company that is a member of a MNE group with a consolidated revenue of Euro 750m or more and subject to the criteria set out below - 9%;
- a company that is a member of a MNE group with a consolidated revenue of Euro 750m or more and not subject to the criteria set out below - declining sliding scale rates of 5.5% to 1%;
- a company registered under the Small Business Development Act - 5.5%;
- a company conducting general or life insurance business - 0% or 2% depending on the class of insurance; and
- an international shipping entity - declining sliding scale rates of 5.5% to 1%.

A member of an MNE which is subject to the conditions set out below, may be subject to an additional "top-up" tax such that the entity pays at least a 15% effective tax rate. This top-up tax will not be included in the Income Tax Act, but will be legislated through a separate statute to be titled, we understand as, the "Corporation Top-up Tax Act".

The budgetary proposals were enacted by the Parliament of Barbados on May 24, 2024 with the new tax rates applicable from January 1, 2024.

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

20 Share capital

Authorised

The Company is authorised to issue an unlimited number of shares of no par value

Issued

| | 2024 \$ | 2023 \$ |
|----------------------|-------------------|------------|
| 82,030 common shares | 41,014,809 | 41,014,809 |

The shares are allotted as follows:

| | 2024 Number | 2023 Number |
|--|----------------|----------------|
| Government of Barbados - common shares | 61,913 | 61,913 |
| National Petroleum Corporation - common shares | 20,117 | 20,117 |
| | 82,030 | 82,030 |

21 Revenue

Upstream revenue represents sales attributable to natural gas and crude oil as follows:

| | 2024 \$ | 2023 \$ |
|----------------------|-------------------|------------|
| Crude oil | 30,305,436 | 42,299,021 |
| Natural gas (note 8) | 28,358,284 | 27,171,414 |
| | 58,663,720 | 69,470,435 |

Downstream revenue - refined product sales is comprised of the following:

| | 2024 \$ | 2023 \$ |
|---------------------|--------------------|-------------|
| Fuel oil | 168,333,402 | 208,114,081 |
| Asphalt feed | 24,043,111 | 24,033,411 |
| Diesel and gasoline | 327,102,000 | 363,435,294 |
| | 519,478,513 | 595,582,786 |

Renewable energy revenue is comprised of the following:

| | 2024 \$ | 2023 \$ |
|----------------------|------------------|------------|
| Photovoltaic revenue | 1,205,842 | 4,346,103 |

(39)

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

22 Other income

| | 2024 \$ | 2023 \$ |
|---|----------------|----------------|
| Interest income | 65,153 | 36,937 |
| Other income | 318,615 | 40,550 |
| Finance income | 6,886 | 279,565 |
| Gain on disposal of property, plant and equipment | 13,791 | 32,573 |
| | <u>404,445</u> | <u>389,625</u> |

23 Other losses

| | 2024 \$ | 2023 \$ |
|--------------------------------|---------------|---------------|
| Amortisation of tank heels | 48,830 | — |
| Miscellaneous expenses - other | 13,309 | 15,501 |
| | <u>62,139</u> | <u>15,501</u> |

24 Tax losses

Accumulated tax losses which are available for set off against future taxable income for corporation tax purposes are as follows:

Tax losses related to the recognised deferred tax asset are as follows:

| Year | Losses b/fwd. \$ | Adjustment \$ | Incurred \$ | Utilised \$ | Expired \$ | Losses c/fwd. \$ | Expiry date |
|------|------------------------|------------------|----------------|---------------------|--------------------|------------------------|----------------|
| 2017 | 4,989,744 | — | — | — | (4,989,744) | — | |
| 2018 | 766,012 | — | — | (36,270) | — | 729,742 | 2025 |
| 2020 | 6,962,576 | (1) | — | (4,314,149) | — | 2,648,426 | 2027 |
| 2021 | 22,987,169 | — | — | (12,951,387) | — | 10,035,782 | 2028 |
| 2022 | 4,761,138 | — | — | — | — | 4,761,138 | 2029 |
| 2023 | 3,231,546 | (947,019) | — | — | — | 2,284,527 | 2030 |
| 2024 | — | — | 35,983 | — | — | 35,983 | 2031 |
| | <u>43,698,185</u> | <u>(947,020)</u> | <u>35,983</u> | <u>(17,301,806)</u> | <u>(4,989,744)</u> | <u>20,495,598</u> | |

The tax losses are as computed by the Group's companies in their corporation tax returns and have as yet neither been confirmed nor disputed by the Barbados Revenue Authority.

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

25 Expenses by nature

| | 2024 \$ | 2023 \$ |
|--|-------------|-------------|
| Petroleum products | 502,419,062 | 621,403,201 |
| Staff costs (note 26) | 15,683,482 | 15,169,541 |
| Consulting and professional fees | 635,282 | 552,421 |
| Repairs and maintenance | 1,422,586 | 1,071,950 |
| Renewable energy | 399,255 | 3,096,233 |
| Insurance | 2,663,860 | 2,197,672 |
| Utilities | 730,013 | 704,395 |
| Write back of loss allowance for amounts due from associated company | (3,020,655) | (185,610) |
| IDB project expenses | 2,045,196 | 1,014,635 |
| Other | 6,048,899 | 5,738,356 |
| | <hr/> | <hr/> |
| Total cost of goods sold, terminal operating costs and general and administrative expenses | 529,026,980 | 650,762,794 |

26 Staff costs

Staff costs funded by the Group were as follows:

| | 2024 \$ | 2023 \$ |
|---|------------|------------|
| Wages, salaries and bonus | 12,043,238 | 11,699,021 |
| Allowances | 564,990 | 544,532 |
| National Insurance | 1,011,519 | 975,241 |
| Pension expense (note 18) | 1,041,083 | 994,116 |
| Medical and other costs | 1,022,652 | 956,631 |
| | <hr/> | <hr/> |
| | 15,683,482 | 15,169,541 |
| | <hr/> | <hr/> |
| Number of persons employed by the Group at year end | 147 | 148 |

27 Non-cash investing and financing cash flows

| | 2024 \$ | 2023 \$ |
|--|------------|------------|
| Additions to property, plant and equipment | 8,824,213 | 5,281,395 |
| Amounts due to shareholder | 8,727,747 | 1,892,511 |
| Accounts and other payables | 25,341 | — |

Barbados National Oil Company Limited

Notes to Consolidated Financial Statements

March 31, 2024

(expressed in Barbados dollars)

28 Holborn facilities costs

In March 2006, ESSO Standard Oil S.A. Limited (subsequently SOL Petroleum (Barbados) SRL (SOL)) and the Group negotiated an agreement whereby SOL would provide storage and handling services to the Group for an initial period of at least 10 years. The services include the receiving, storage, handling and delivery of petroleum products in and out of SOL's Holborn Terminal located at Fontabelle, St. Michael at a standard fee rate of US\$2.40 for each barrel of product delivered out of the terminal. An updated agreement is currently under negotiation between the relevant entities.

29 Contingent asset

In September 2005, there was an accident involving the Group's pipelines at Oistins and its shipper. Currently, the Group is legally pursuing its claims against the shipper amounting to \$1.2 million plus interest and incidental costs. The Group has not recognised this amount as an asset in the consolidated financial statements due to the uncertainty of its outcome.

30 Contingent liabilities

Bank guarantees have been entered into by the Group to provide security on the bank borrowings of a subsidiary. The liabilities attached to these guarantees at March 31, 2024 amount to \$30,800,000 (2023 - \$30,800,000).

31 Other events

On October 30, 2014, the Cabinet of the Government of Barbados agreed to the merger of the Company and the National Petroleum Corporation. On January 28, 2015, the Board at its meeting approved the merger, which was expected to be undertaken on a phased basis with the first phase concentrating on the merger of the administrative and back office services.

On January 11, 2018, the Cabinet subsequently agreed inter alia:

- i) that the National Petroleum Corporation Act, Cap 280 be repealed;
- ii) that the assets and liabilities and rights and obligations of the National Petroleum Corporation be vested in the new Barbados National Petroleum Products Limited;
- iii) that a holding company titled the Barbados National Energy Corporation be established and that the assets of four entities including those of the Barbados National Petroleum Products Limited be vested in this Company.

Following the change of Government in May 2018, the Company is awaiting communication as to the direction now to be taken.



Barbados National Oil Company Limited
Woodbourne, St Philip, Barbados
246-418-5200

