



Sustainable change

Annual Report and Financial Statements 2022

# Responsibly supporting the energy transition

for the benefit of all

[www.afentraplc.com](http://www.afentraplc.com)





Image credit: STAPEM Offshore

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# Introduction

Afentra plc ('Afentra' or the 'Company'), together with its subsidiary undertakings (the 'Group'), is an upstream oil and gas Company listed on the AIM market of the London Stock Exchange (AIM: AET).

The Company has a strategy built around achieving scale through the acquisition of operated and non-operated production assets and discovered resources resulting from the accelerating energy transition in Africa, where the Company and its management has extensive technical, operational and commercial experience.

Afentra signed two foundational Sale and Purchase Agreements ('SPA') in Angola, during the calendar year 2022, with Sonangol Pesquisa e Producao S.A. ('Sonangol') and INA-Indstrija Nafte d.d. ('INA') to establish a producing asset base. Progressing these transactions over the course of the year ultimately led to our official entry onto Blocks 3/O5 and 3/O5A (with 4% non-operated interests), offshore in the Lower Congo Basin, in May 2023 following completion of the INA transaction.

In Somaliland, the Company currently retains the onshore Odewayne exploration block that is operated by Genel Energy, where its 34% interest is fully carried.





The themes identified as catalysts for the Company's strategy at launch have unfolded as we anticipated, with the events in Europe resulting in some of these themes being as pertinent in Europe as they are in Africa.

Industry and economic market volatility in 2022 (discussed further in our Market Review) has shifted the narrative on energy transition beyond just purely climate issues and towards social and energy security impacts typically associated with developing nations (such as those in Africa) but now heavily felt across the developed European continent.

The confluence of macroeconomic indicators and the beginnings of an industrial transition of ownership emerging in West Africa – as International Oil Companies ('IOCs') and National Oil Companies ('NOCs') seek to rationalise portfolios – provides a strong tailwind for responsible independents with proven operational track records and best-in-class environmental agendas, like Afentra, to serve a critical role in this transition while delivering value creation for all stakeholders.

# 2022 Summary

## Strategic

- Signed SPAs to acquire non-operated interests from Sonangol and INA in the producing Block 3/05 (24%) and adjacent Block 3/05A (4%) offshore in the Lower Congo Basin, and a 40% non-operated interest in the underexplored, deepwater exploration and appraisal Block 23 in the Kwanza Basin.
  - Reverse takeover ('RTO') announced under Rule 14 of the AIM Rules to acquire non-operated interests from Sonangol in Block 3/05.
  - Publication of Admission Document on 10 August 2022 lifting the suspension of shares in Afentra post announcement of the transactions. Shareholder approval received on 30 August 2022.
  - Key stakeholder engagement across governmental, regulatory authorities and industry counterparties
- underscores Afentra's confidence in Angola as an attractive operating and investment jurisdiction.
- Strengthened organisation with recruitment of high calibre talent into financial, technical and sustainability roles. The team remains small and focused with a history of identifying and acquiring high-quality assets and for rapidly assessing business development opportunities technically, operationally and commercially.
  - Continued to efficiently screen and evaluate compelling M&A opportunities in line with the Company strategy.
  - Investor outreach and marketing, appealing to new institutional and high net worth investors
  - Strengthened Afentra's profile within industry as a credible counterparty of choice.

## Financial

- Entered into financing agreements with Trafigura PTE ('Trafigura') in relation to financing the Sonangol and INA Acquisitions, including a Reserve Based Lending ('RBL') and revolving working capital facility:
  - 5-year RBL facility with up to \$75 million available to finance the Acquisitions (8% margin over 3-month Secured Overnight Financing Rate ('SOFR'));
  - Revolving working capital facility for up to \$30 million to finance asset funding requirements between crude offtakes (4.75% over 1-month SOFR).
- The Company also entered into an offtake agreement with Trafigura for Afentra's crude oil entitlement lifted from the Acquisitions.<sup>1</sup>
- The Group remains fully carried for Odewayne operations (Third and the Fourth Period).

**Cash resources net to the Group at 31 December 2022  
excluding restricted funds of \$10.2 million**

**\$20.4 million**  
(2021: \$37.7 million)

**Adjusted EBITDAX<sup>2</sup>: Loss for the Group**

**\$5.2 million**  
(2021: \$2.0 million loss)

<sup>1</sup> Subject to the terms of the Trafigura offtake agreement

<sup>2</sup> Defined within the definitions and glossary of terms on pages 116 and 117

<sup>3</sup> Afentra share of stock-in-tank at completion



## Operations

- Progressing the Angolan transactions to acquire interests in Blocks 3/O5 and 3/O5A (from Sonangol and INA), and an interest in Block 23 (from Sonangol).
- Independent ESG due diligence conducted as an integral part of the Block 3/O5 and 3/O5A assessment. On signing the SPAs, Afentra moved from the due diligence stage to forming a detailed understanding of the assets and potential options to reduce emissions.
- The Company continued to support the Operator of the Odewayne block in Somaliland, in progressing the technical understanding of the block; and continued to review its technical assessment and outlook on block prospectivity, as well as contributing to the drought relief program.

## Post year end

- In January 2023, Afentra received approval from the Ministry of Mineral Resources, Oil and Gas for the acquisition of INA's 4% interests in Blocks 3/O5 and 3/O5A.
- In March 2023, Afentra extended the long-stop date from 31 March 2023 to 30 June 2023 in order to facilitate completion of the Sonangol transaction, which is expected in June 2023.
- On 14 April 2023, the Company and the other Block 3/O5A contractor group members received a letter from ANPG informing us that it had decided to terminate the interests of China Sonangol International ('CSI') in the Block 3/O5A production sharing agreement and it intended that CSI's interests in the block would revert to ANPG. If this decision is implemented, the Company will not acquire the additional 1.33% interest in Block 3/O5A attributable to the CSI interests that we would otherwise have acquired from INA. The contractor group members are currently seeking clarifications from ANPG on their decision.
- On 10 May 2023, Afentra announced completion of the INA acquisition to mark its formal entry into Angola, including the following completion settlement figures:
  - Net completion payment of \$17.0 million with Afentra inheriting crude oil stock of 207,868 bbls<sup>3</sup> that can be valued at \$16.6 million (based on \$80/bbl) on a pre-tax basis.
  - \$10 million set aside into an escrow deposit account held by Citibank, which will be paid to INA after the Block 3/O5 licence extension is formally completed.
  - Net upfront consideration and escrow deposit to be funded by \$18.9 million from the agreed RBL and working capital facilities and \$8.1 million from cash resources.
  - \$21.9 million in total debt drawn (RBL and working capital facilities), which includes \$2.9 million in financing costs.
  - The Company expects to sell its first cargo of crude oil in Q3 2023, thereby monetising the inherited crude oil stock and subsequent production.
  - Trafigura has transferred both the RBL and working capital facilities to Mauritius Commercial Bank who will now be the lender to the Company. Trafigura retains an interest in the RBL facility and will continue as offtake provider.
- Furthermore, in May, the Block 3/O5 JV partners agreed terms to extend the licence from 1 July 2025 to 31 December 2040. This includes improved fiscal terms that strengthen the economics of the permit. The process for formal administration of the licence extension has commenced and the Company awaits the conclusion of this process.
- Finally, Afentra completed an updated Competent Persons Report ('CPR') on Block 3/O5 effective 1 January 2023, estimating 1P/2P/3P reserves of 72/108/145 mmbbls (gross) and 2C resources of 43 mmbbls (gross).

# Overview

Year ended 31 December 2022







## Purpose

# Effecting sustainable change

Our purpose remains to support the African energy transition as a responsible, well managed independent, enabling the continued economic and social development of African economies and bridging the gap to other/ renewable forms of energy.

Our enabling role in this connected energy ecosystem is to access, redevelop and unleash the full potential of existing producing fields or undeveloped discoveries that no longer fit portfolios of major companies. We will do this in a safe, responsible and sustainable manner. By investing in the region, empowering our people and working with our partners, we can positively impact local economies and deliver significant economic returns to all stakeholders.

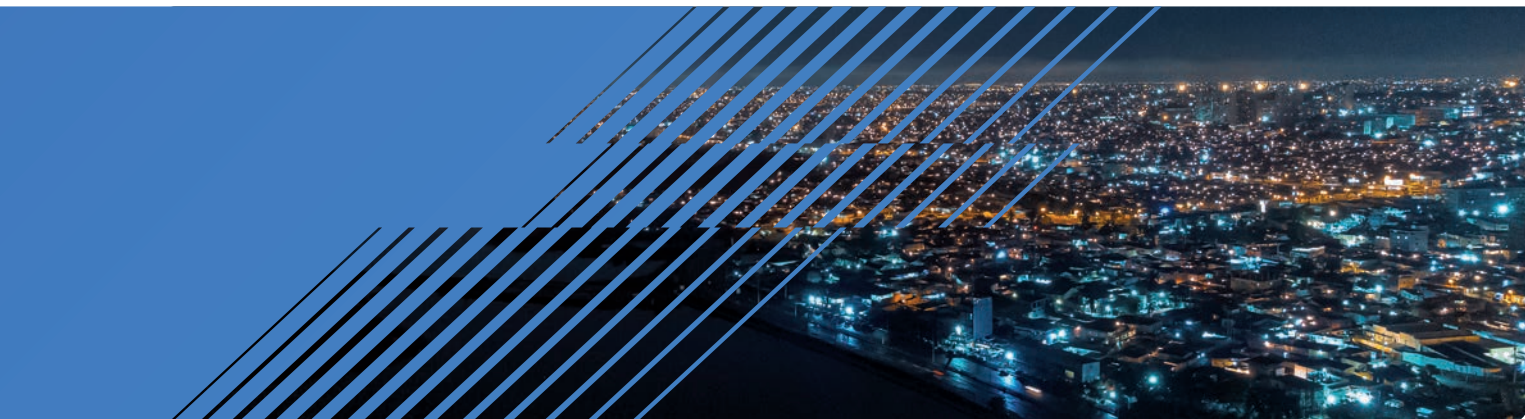
## Mission

Our mission is to be the trusted partner of both IOCs and host governments in the divestment of “legacy” assets. By managing these assets responsibly, we turn these fields or discoveries into profitable assets by applying focus, innovation, efficient operating practices and smart commercial arrangements. We use our approach to unleash the full asset potential whilst also reducing carbon emissions, promoting growth through employment and facilitating socio-economic development.

## Defining legacy assets

Producing fields or undeveloped discoveries that:

- May no longer fit with a company’s strategy in Africa
- May need investment, regeneration or upgrading
- May be sub-economic for larger companies



## Our cultural framework

Afentra's cultural framework outlines our core principles, philosophies and values that guide our behaviours and enables us to drive our business forward and deliver on our purpose.

Principles	Values	Approach	Impact
<p>These define our core beliefs that connect and resonate strongly with the personal values of the Afentra team and those that work alongside us:</p> <hr/> <p><b>Be respectful</b></p> <hr/> <p><b>Be transparent</b></p> <hr/> <p><b>Be inclusive</b></p> <hr/> <p><b>Be authentic</b></p> <hr/>	<p>These build on our principles and define how we all behave. They describe qualities we always strive for and consider as the right way to do things:</p> <hr/> <p><b>Inspire</b> Bring passion and energy to engage and inspire those around us</p> <hr/> <p><b>Collaborate</b> Openly share knowledge between teams and individuals</p> <hr/> <p><b>Enquire</b> Think creatively and constructively challenge the status quo</p> <hr/> <p><b>Innovate</b> Be courageous, ambitious, navigate risk, try, learn and improve</p> <hr/>	<p>This defines our core operating philosophy and business approach and is heavily influenced by our principles and values:</p> <hr/> <p><b>Think long-term</b> Work towards the long-term sustainability of the business</p> <hr/> <p><b>Create solutions</b> Encourage innovation and seek out opportunity</p> <hr/> <p><b>Leverage learning</b> Diverse and inclusive approach that values each others ability and expertise</p> <hr/> <p><b>Focused and nimble</b> Stay agile, lean and non-hierarchical</p> <hr/>	<p>Afentra's positive impact will be driven by these principles, values and approach:</p> <hr/> <p><b>One team</b> Dynamic, committed and responsible</p> <hr/> <p><b>Positive difference</b> Changing things for the better, leaving a positive legacy</p> <hr/> <p><b>Enduring value</b> Delivering enduring value for all investors and stakeholders</p> <hr/>

Our framework provides a strong foundation that supports our vision, guides our behaviours and influences the impact we make on the world around us.



## Afentra's Approach

# Supporting the exit strategies of IOCs, ensuring responsible transition for host governments

Afentra's objective is to turn legacy producing fields and discovered resources into profitable assets for Afentra and all of our stakeholders.

Committed to shareholder returns within a responsible ESG framework

We target high quality assets that have stability of earnings and implement best in class fit-for-purpose margin enhancing operating techniques.

With the ESG agenda embedded in our mindset, we have a business model tailored to generate significant long-term value for all stakeholders.

Credible counterparty with access to capital and proven operator experience.

Track record of responsible approach and partnership with host countries.

Process creates long-term value for all stakeholders through effective transition.

### International Oil Companies

- Safe, efficient and smooth transfer of assets
- Trusted counterparty with financial and operating capacity
- Experienced partner acceptable to host governments

### Stakeholder objectives

### Host Governments/National Oil Companies

- Commitment to positive socio-economic and environmental outcomes
- Responsible stewardship and investment in assets
- Continued benefit of O&G revenues to support longer-term sustainable transition

### Asset



Quality production assets and discovered resources with potential to realise upside and deliver material cashflow.

value

## Chairman's Statement

# A year of material strategic progress for Afentra

Dear Shareholders

I am pleased to report on a year of material strategic progress by Afentra.

During the year the Company identified and agreed target transactions in Angola in line with our stated strategy. The transactions announced represent a first step towards Afentra achieving its longer-term growth objectives and will transform the business into a cash generative company underpinned by strong, reliable cash flow and proven reserves with material upside potential.

Through executing deals in Angola, Afentra is entering one of the core target markets identified at launch. It is an O&G jurisdiction that is consistent with our desired parameters in terms of numerous viable opportunities in a material hydrocarbon province, strong industry framework and supportive operating and fiscal environment.

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### Energy crisis highlights

#### Afentra's purpose

The market experienced a rapid increase in commodity pricing through H1'22 due to the events in Ukraine which squeezed supply and fuelled a global energy crisis in which energy security was front of mind the world over, and especially in Europe given dependence on Russian gas. This situation was further exacerbated due to years of industry under-investment. Commodity prices, particularly gas, have subsequently returned to more normalised levels as a result of a warmer than expected winter,

however the longer-term impact of the energy crisis remains as governments across the globe recognise the importance of continued supply visibility to ensure energy security.

The impact of the crisis has undoubtedly created a more pragmatic conversation on the structure and speed of what a responsible energy transition should look like and has underscored the requirement for continued investment into the oil and gas supply side to avoid a recurring energy crisis. Indeed, BP's outlook highlights the need for continued

industry investment given fossil fuels will continue to be at least 20% of global energy mix as far out as 2050. In this context, we believe there is a greater emphasis on the importance of mature/ later life assets to be managed efficiently to maintain supply and mitigate environmental impact where possible.

In light of this backdrop, Afentra's purpose has become even more relevant as the industry has a growing requirement for responsible counterparties to acquire assets being divested by IOCs/NOCs. Our thesis of





“Capital discipline remains a core priority for Afentra as we seek to maintain a healthy balance sheet underpinned by strong free cash flow.”

a nascent and opportunity rich industry transition in Africa is playing out and we anticipate this will accelerate with compelling opportunities continuing to come to market in the coming years.

The core ingredients to enable this critical industry transition continue to be the requirement for qualified buyers with proven operating track records and a commitment to best in class environmental agendas. The essential ingredient to deliver a just transition and avoid a more severe and prolonged energy crisis across the world is the continued investment into hydrocarbon supply, and specifically into the independent companies like Afentra that will serve a critical role in this transition.

**Angola – a market of long-term opportunity for Afentra**

Entry into Angola provides long-term opportunities – both in terms of the assets being acquired as well as new opportunities that present themselves

as the country continues to evolve through the industry transition. The market dynamics are encouraging and the increasingly stable political backdrop, supported by the re-election of President João Lourenço for a second term last year, provide confidence that Angola is an ideal jurisdiction in which to begin Afentra’s journey.

The Company has a strong desire to be a quality partner to Sonangol – and other stakeholders – and is aligned on Angola’s primary objectives to deliver a responsible energy transition that enables their people to continue to benefit from the positive socioeconomic impact of hydrocarbon revenues.

Engagement with Sonangol to date highlights their pragmatism to partner with smaller independents like Afentra which provides a good basis for partnership going forward and demonstrates the value of positioning the Company as the consolidator/ acquirer of choice. Furthermore, the

country’s industry regulator, National Agency for Oil, Gas and Biofuels (‘ANPG’), recognises the need to preside over an attractive economic and fiscal regime in order to encourage foreign investment into the industry and demonstrates this through a pragmatic and engaging approach to fiscal terms and licence extensions.

Based on our engagement to date, and our assessment of the industry landscape in-country, the Board believes Angola will provide the ideal backdrop for Afentra to deliver long-term growth. In parallel, we will be making efforts to enter complementary target markets across West Africa that provide similar industry dynamics and opportunities to deliver our strategy.

# Chairman's Statement

## continued

### Managing the business with clear Strategic Objectives

We believe the past year of volatility has created a more supportive tailwind for the delivery of Afentra's long-term growth strategy. The Board remains wholly focused on its strategic objectives as it seeks to achieve a balance between creating shareholder value alongside positive impact for our broader stakeholders.

Capital discipline remains a core priority for Afentra as we seek to maintain a healthy balance sheet underpinned by strong free cash flow. Longer term the Company hopes to establish a cash flow profile that allows for meaningful shareholder returns in the form of dividends but the Company is firmly in the capital growth phase at present and will define a longer-term dividend policy in due course.

The opportunities being targeted by our Company have a common theme in terms of being value accretive and

providing considerable scope for Afentra to improve operational performance by optimising production and reducing environmental impact. Targets being screened are a combination of operated assets as well as non-operated assets, such as those being acquired in these initial transactions, that enable Afentra to bring its technical expertise to the table to positively influence asset performance.

The deals in Angola demonstrate the value uplift that can be achieved through focused execution of the M&A strategy and that discipline is applied to all aspects of Afentra's asset selection, valuation modelling and structuring to ensure they deliver long-term value to shareholders. This discipline is particularly important in a volatile market and it is pleasing to see that volatility easing, creating a more stable environment to deliver our M&A strategy with sensible valuations, motivated sellers and a more positive sentiment for investment.

Despite industry and economic market volatility through the period, Afentra successfully secured the funding required to finance these transactions without the need to raise equity – an important priority in order to demonstrate commitment to creating value for the Company's shareholders.

### Board of Directors

As previously announced to the market, we will be evolving the Board as the Company grows to ensure we retain the right balance of expertise, diversity and independence befitting a company of Afentra's stature and ambition.

The Company launched a process to secure an independent Non-Executive Director and Audit Committee Chair in Q4 2022. Unfortunately, the candidate identified for the board position has subsequently been unable to accept the appointment. As a result, the Board has relaunched its search process and we expect to finalise an appointment during 2023.



## Outlook & Conclusion

Having completed the INA transaction in May 2023 (and await completion of the Sonangol transaction), we are eager to get to work on the ground. The Company is looking forward to bringing our technical and environmental insights to our new partners. The completion of these transactions will add another strategic priority to the Company as we focus on delivery at asset level alongside the continued disciplined approach to business development.

Afentra remains active in the M&A market and the executive team continues to screen opportunities consistent with the growth strategy as we seek to build a company of scale and relevance.

In summary, this has been a year of significant strategic progress that leaves the Company well placed to take strides towards its ambitious growth objectives. I'd like to commend the Team, under our CEO, Paul McDade's trusted leadership, for their patience, and diligent approach

to executing these transformative Angolan transactions – and the hard work undertaken to “hit the ground running” this year.

I'd also like to thank our shareholders for their continued patience throughout what was a lengthy suspension period associated with the RTO process and appreciate their ongoing support.

The Board is confident that it has laid the necessary groundwork this year to deliver on its long-term objectives and that the more stable macro environment we are experiencing presently creates a positive industry backdrop for the Company to achieve its goals.

**Jeffrey MacDonald**  
Chairman

15 May 2023



# Strategic Report

Year ended 31 December 2022





## Market Review

# The need for a fair and orderly energy transition is even more apparent today than at Afentra's inception in 2021

Since Afentra's inception in 2021 we have witnessed a marked shift in sentiment and a growing acceptance that oil and gas demand will remain resilient and continue to be a critical component of the global energy mix despite the structural evolution of the global energy system towards a lower carbon future. The significant price increases seen in 2022, following the invasion of Ukraine, and the resulting socio-economic impacts experienced in Europe and beyond have sent a clear signal for the ongoing need to invest in the oil and gas sector to ensure global energy security. This is likely to partially reverse the significant reduction in investment which was triggered by the oil price downturn in 2014/15 and sustained due to a shift towards lower carbon energy.

The themes we identified as catalysts for the Company's strategy at launch

are unfolding as expected and have become even more pronounced in the past year following the impact to the structure of the energy market and elevated prices caused by Russia's invasion of Ukraine. The core theme presented by Afentra was the need for a fair and orderly energy transition that does not deprive developing nations of revenues to deliver essential socio-economic development. This idea has become more mainstream in 2022 due to the focus on maintaining stability and security of energy supply in the face of a volatile geopolitical backdrop.

The need to balance the impact of climate change and socio-economic consequence, typically associated with developing nations such as those in Africa, is now a key consideration in the developed continent of Europe. We have seen the unintended consequences of

Western government policy resulting in countries burning more emissions-intensive coal or a return to biomass due to both the supply and price issues associated with gas and LPG.

These global shifts in the energy markets have resulted in changes to the energy transition strategies of leading global IOCs and NOCs. However, a key part of these strategies continues to be the divestment of non-core, often higher carbon footprint assets, particularly in the upstream. Afentra was formed to be positioned at the heart of the dislocation between climate/impact-led investment and the socio-economic needs of African countries. We aim to continue to focus on providing a solution by acquiring and responsibly managing existing oil and gas assets while creating significant value for all stakeholders.





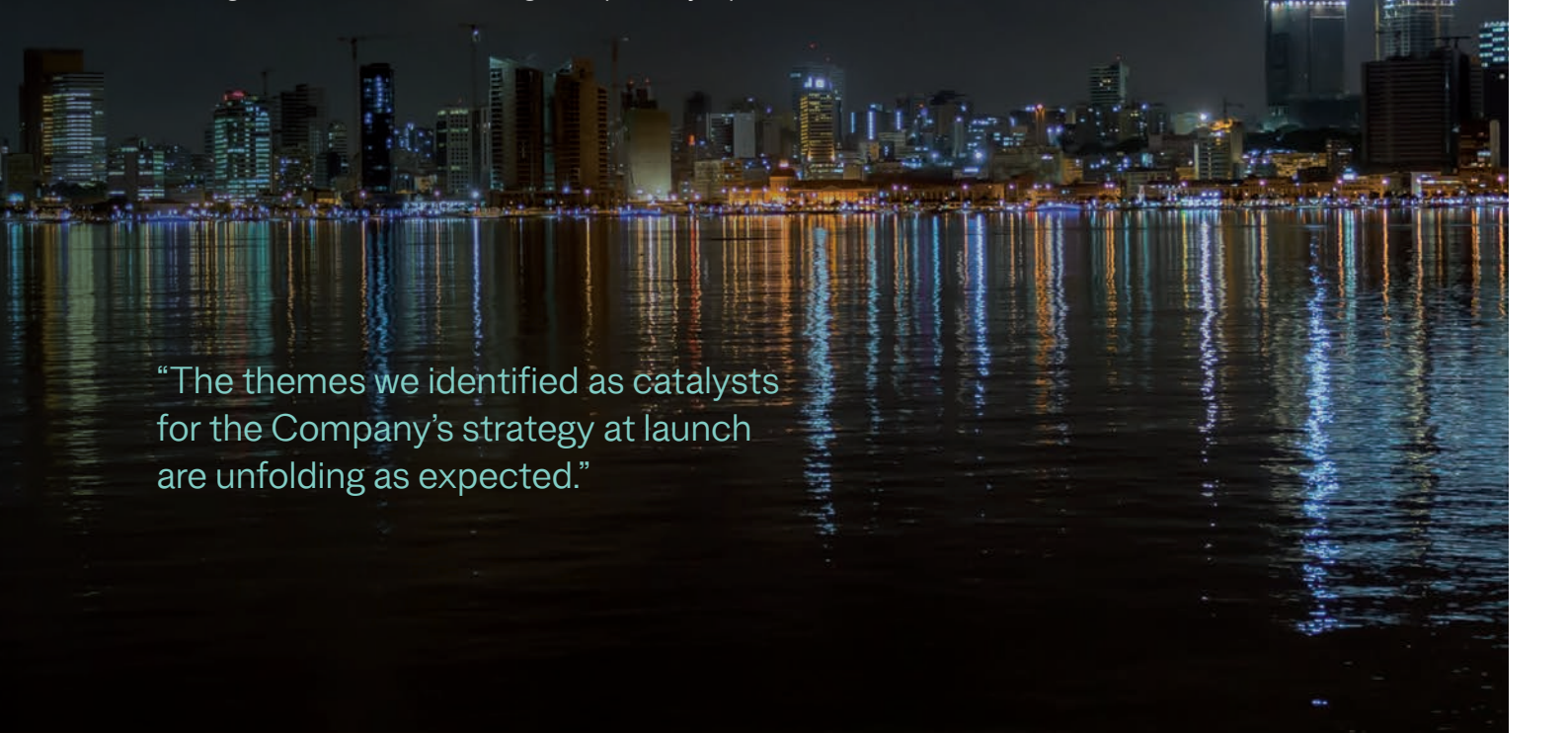
## Africa

As we assess the wider African continent in the context of the energy transition, a key theme to emerge from 2022 was that of a “Just Transition” for the continent, or Global South: countries that have historically contributed the least in terms of GHG emissions having their socio-economic development restrained as they are denied access to essential revenues from their proven reserves of natural resources. This theme grew with momentum following

COP26 in Glasgow (November 2021) and further throughout industry conferences in 2022, not least at the African Energy Week in Cape Town.

There is now a growing recognition that the African Energy Transition needs to be carefully managed, with oil and gas playing a crucial role in the provision of much needed national revenues, energy access and security; and combined these elements should continue to positively impact the socio-economic

development across the African continent. This is critical as millions of Africans still suffer from energy poverty, with 2022 seeing the first rise in the number of people without access to electricity in decades, with the problem most severe in Sub-Saharan Africa where ~43% of the total population lack access to electricity according to the IEA's Africa Energy Outlook 2022.



“The themes we identified as catalysts for the Company’s strategy at launch are unfolding as expected.”

## Market Review

# Material opportunity set in Angola for nimble, credible independents

## Angola

Angola is a prime example of a jurisdiction that has laid strong foundations in recent years to becoming an attractive destination for investment in oil and gas and we are delighted to establish our business here through the acquisition of our foundational assets in Blocks 3/05, 3/05A and 23. We welcome the stable (and improving) fiscal and regulatory environment which we believe is supportive for credible, reliable independents to deliver a positive impact through optimising production and improving the environmental profile of existing assets.

Allied to the country's exceptional resource base – Angola rivalled Nigeria as Africa's largest oil producer over the course of 2022 at 1.1 mmbbl/d from a proven reserve base of over 9 bnbbbls – is a stable macroeconomic and political environment, reflected in an improved stable credit rating (B- Fitch) with a positive outlook from the major credit rating agencies. The economy continues to evolve as the recently re-elected administration of President Lourenço implements reforms designed to continue the improvements to the policy

and investment environment seen since 2017. In 2022, GDP grew by 2.9% and the IMF predicts sustained broad-based growth of 4% in the medium-term.

These efforts have already led to key policy reforms and industry restructuring, including but not limited to: rationalisation and divestment of some of NOC Sonangol's portfolio to focus on core business units and assets; the creation of ANPG assuming responsibilities previously held by Sonangol across upstream regulation and public tendering of licences; amendment of presidential decrees and enactment of new laws to help maximise growth in existing assets by improved fiscal terms and license extensions; finally, a planned 6-year licence round to auction 50 new blocks between 2019-2025. To date, these reforms have unleashed significant investment into flagship IOC-operated projects in Blocks O, 14, 15/06, 17, 31 and 32.

From a transparency perspective, in June 2022 Angola joined the Extractive Industries Transparency Initiative ('EITI') as an implementing country which with the required information

will lead to being formally validated by 2024. Angola is a signatory to the World Bank Zero Routine flaring (ZRF) by 2030 initiative and in 2021 updated its NDC to the UNFCCC committing to an unconditional reduction in GHG by up to 14% by 2025.

Accounting for ~75% of government revenues, the oil and gas sector remains a key driver for socio-economic development and an essential source of funding for improving domestic energy infrastructure to deliver a fair transition, further incentivising policymakers to support the sector and drive domestic and foreign investment.

With IOCs and Sonangol continuing to rationalise portfolios – to both pursue their own transition strategies and allow for a focus on core assets and development of until now stranded discoveries – this presents a material opportunity set for nimble, credible independents with the local knowledge and established network to acquire non-core assets, and is itself an encouraging validation of Afentra's founding strategy.

## Commodity Market and Global Macro Review

2022 was an important year for the energy sector, marked as much by the continued progress of the energy transition across the developed world as by the ructions to the structure of the market and elevated prices caused by Russia's invasion of Ukraine. At the same time, as global economic activity rebounded post-Covid, further supported by China's re-opening in late 2022, a combination of supply problems – exacerbated by decades of underinvestment in upstream projects and infrastructure – and rising demand for oil and gas has delivered a consistently high commodity price environment with Brent averaging just over \$100/bbl and hitting a high of \$133/bbl in 2022.

These trends are set to persist: the Bloomberg analyst consensus forecast for Brent is around \$90/bbl for 2023 and through the first half of 2024, while the IEA's World Energy Outlook forecasts global demand for oil growing until the mid-2030s. As an example, within this report, the Stated Policy Scenario ('STEPS') forecasts global oil

demand increasing by 8 mmbbl/d by 2030 while production from existing fields falls by 18 mmbbl/d; this highlights a distinct shortfall in production that must be addressed in the context of the transition and an increased focus on energy security in light of the Russia-Ukraine crisis.

Given the urgency of increasing supply to meet demand and to diversify global supply away from Russian barrels, looking to enhance optimisation of production from existing fields is a natural direction of travel for the upstream sector, and this can come via smart application of technology and other enhanced recovery techniques. In parallel, the energy transition is also highlighting the need to apply similar techniques to improve the environmental profile of assets.

Energy security, affordability and reliability have become increasingly topical subjects borne out of a global energy crisis and rampant inflation in 2022 that emerged from sharp volatility in commodity prices. What has clearly emerged is a more pragmatic conversation on the crucial role that

oil and gas will play over the coming decades as the world continues its efforts to transition to Net Zero, as acknowledged (again) by the IEA, which advocates for dual investment in hydrocarbons and renewables to deliver a successful energy transition. To sustain global oil and gas demand alone, investment into upstream oil and gas will need to grow annually by 50% on average (\$470bn in aggregate per annum) relative to recent years under the IEA's STEPS scenario.

In a changing industry landscape where capital markets return to acknowledge the continual need to invest in our sector (and the financial and social consequences of a failure to do so), we believe that Afentra is well positioned to succeed.



## Geographic Focus

# Significant opportunity to drive responsible growth and prosperity for all stakeholders

### African Oil & Gas industry: early stages of transition

Africa's strong economic growth alongside its growing population underpins our belief in the continent's long-term oil and gas demand despite the structural evolution of the global energy system. We see a significant opportunity to drive responsible growth and prosperity for all stakeholders. Our strategy is simple – we only focus on proven hydrocarbon basins where fields have been discovered or are currently producing. The significant value opportunity for all stakeholders is clear and Afentra is determined to unlock this potential efficiently, economically and in a responsible manner.

Afentra was created to take advantage of this transitional opportunity in the African market, emulating the successful precedents set in the Gulf of Mexico and the North Sea.

Angola is one such proven hydrocarbon basin within West Africa where opportunities of different maturities abound. With a supportive governmental and operational environment, Afentra's Management Team identified Angola as an attractive jurisdiction to establish a core presence through our foundational transactions. We see a wealth of near- and long-term organic and inorganic production and development opportunities in-country and will continue to treat Angola as a core geography and growth platform.

Meanwhile, with opportunities pertaining to a transition of industrial ownership, scale, know-how and industry relationships, we believe that we can execute similarly value accretive transactions in other attractive business environments across West Africa. Therefore, we do not intend to limit our focus on Angola alone and will continue to seek entry into a second anchor country within West Africa to diversify and provide an attractive portfolio effect.

### Africa and the case for a 'just' transition

- Hydrocarbon revenues are central to many African countries driving their socio-economic and industrial development
- Energy poverty has to be addressed alongside any transition to a cleaner energy mix
- A requirement for a new responsible approach to reduce carbon footprint of hydrocarbon assets
- Opportunity for new credible operators to manage an effective and responsible transition for the benefit of all stakeholders
- The African transition will mirror the changing asset ownership landscape of the North Sea seen in recent decades and is expected to be of a similar duration

There is a need for a responsible approach and an ability to create significant value for all stakeholders from an industry transition that has just commenced.





Prolific oil and gas region

c.100 bn boe

Longevity

>20 years

#### The opportunity

Africa remains a prolific oil and gas region with longevity (c.100 billion boe, 20 years+)

Early stages of an industry transition providing a significant M&A pipeline

Transition will require credible and responsible operators to manage and optimise assets

Market evolution and investor sentiment towards sector requires a new approach

#### Afentra's proposition

Experienced leadership team with proven track record and established network in Africa

Industry transition experience combined with ability to identify, high-grade, acquire and integrate assets

Track record of creating value from operating and asset redevelopment capabilities

Business model focused on value accretive roll-up of discovered resources generating strong cash flow

Committed to responsible stewardship to ensure positive socio-economic and environmental impact

## Business Model

# Committed to investor and broad stakeholder value creation

Our business model is designed to mitigate geological, political and financial risks to enable Afentra to deliver sustainable returns to its shareholders in the form of capital appreciation and dividends when appropriate.

## 1. Assess and acquire

Legacy production assets and proven discovered resources with material upside

### Our focus



Opportunities that:

Are value accretive

Generate robust cash flow

Have embedded growth opportunities (whether operated or non-operated interests)

Are strategically complementary

 Short term

## 2. Optimise and produce

Applying proven & innovative technologies to safely optimise production, emissions reduction and lower running cost of operations

### Our focus



Emissions reduction

Safe optimisation of facilities

Generation of healthy returns on investment

Performance transparency

 Mid term

## 3. Reinvest and extend

Reinvest in incremental activities and near field developments to extend production and field life

### Our focus



Infield, field extensions and undeveloped resource investment opportunities

Funding further value accretive acquisitions

Workforce and community development

Acceleration of the de-carbonisation initiatives

 Mid term

## 4. Retire and convert

Responsible stewardship of asset retirement whilst seeking low-carbon conversion opportunities

### Our focus



Responsible stewardship

Restoration of the natural environment

Safe decommissioning

 Long term

Afentra's model is directly aligned to the creation of shared value for all stakeholders. Our proposition will increasingly meet the specific targets of the United Nations Sustainable Development Goals as we progress from acquisition and development through to operatorship and production.



### Integrating United Nations Sustainable Development Goals:

Supporting developing economies, accelerating sustainable change and transferring value to all stakeholders

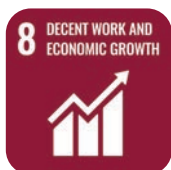
#### Pre-asset acquisition ..... Drivers of change



#### Asset development ..... Changing responsibly



#### Asset Production ..... Impactful change



## Chief Executive's Statement

# Building blocks in place to deliver the strategy set at Afentra's inception



Paul McDade, Chief Executive Officer

Dear Shareholders,

This fiscal year marked the first full year following the establishment of Afentra in 2021.

The year was defined as a period of material strategic progress as we identified and agreed two transformative acquisitions in Angola that will provide a strong long-term growth platform for the Company. These deals are being delivered on attractive economic terms demonstrating our focused commitment to identify value accretive transactions for our shareholders, and the value accretive nature of these deals were reflected in the share price appreciation during the year.

We are delighted to have established Afentra's profile within the industry and created a brand now recognised across our focus region of West Africa as a competent, reputable, and ambitious counterparty. We have a high calibre team with established networks, regional expertise and ability to efficiently identify, high-grade and execute value enhancing transactions.

Afentra's initial transactions provide a good indicator for the type of assets that we are targeting and establishes a foothold in a core market that provides a multitude of long-term growth opportunities to go after in parallel with our broader strategy to build a diversified portfolio of production and development assets within our other core target markets across West Africa. Upon completion, Afentra will be underpinned by solid cash flow, meaningful reserves, and a portfolio where we see material upside potential in both the immediate and longer-term.

### **Angola – an ideal market to enter with first deals**

For Afentra, Angola represents a highly attractive market that provides many opportunities consistent with the stated strategy and which provide Afentra with the scope to optimise production, improve ESG performance and deliver long-term value.

Rivalling Nigeria as the largest producer by volume on the African continent last year, Angolan waters hold about 15 Billion barrels of discovered yet to be

produced reserves and resources. The scale of these opportunities is material and with a shifting industry landscape characterised by exiting IOCs/ NOCs, smaller indigenous companies and limited competition from other independent companies, Afentra's early mover advantage provides a unique competitive edge to consider and pursue future opportunities that are complementary to our initial assets.

At our launch we talked about the African industry transition as IOCs/ NOCs seek to divest legacy assets to more focused, nimble and limited number of independents that can support the host countries with their energy transition strategies. This transition is playing out as we anticipated in Angola and we continue to screen opportunities of all sizes.

Angola is one of the African leaders in adapting its energy strategy to the changing market conditions of the global energy transition and has adopted a very pragmatic approach through which they recognise the value and mutually beneficial impact





“For Afentra, Angola represents a highly attractive market that provides many opportunities consistent with the stated strategy.”

of partnering with the likes of Afentra. The government is encouraging smaller independent companies to redevelop these assets to extend their productive lives by extending existing licenses and improving fiscal terms, both of which enhance the economic attractiveness of the assets and reduce jurisdictional risk for foreign investors.

Afentra's first-hand experience to date in Angola is that the Government is responding to the structural changes taking place in their energy sector and taking the right steps to ensure fiscal stability. The continuity of government through the general election that took place last year only serves to strengthen that stability and underscore Afentra's confidence in the general direction of travel for Angola as an operating environment and investment destination. The Governance throughout Sonangol's divestment process was thorough

and transparent which was of utmost importance to Afentra and we are confident that Angola provides the right mix of supportive industry and regulatory authorities to create an environment that will enable Afentra to access the required capital to deliver its strategic objectives in country.

#### **A diverse portfolio with phased opportunities**

The portfolio of assets acquired through the Sonangol and INA transactions underpins Afentra with solid and robust cash flow and material reserves associated with 3/O5, as well as exciting medium and longer-term potential associated with 3/O5A and Block 23.

To briefly summarise the portfolio, Afentra is acquiring combined 2P reserves of ~26 mmbbls, 2C resources of ~10 mmbbls and production of ~4,500 bbl/day. These highly accretive transactions represent an overall low-cost entry with implied

acquisition cost of less than ~\$4 per 2P barrel and attractive asset breakeven economics of \$35/bbl. We expect significant cash flow contribution from the assets and we estimate payback in less than 2 years at current oil pricing on 2P production alone.

Block 3/O5 is a mature, shallow water, long-life production asset with material upside and Afentra will support the Operator in squeezing the asset as we seek to optimise gross production in near term, with the potential to significantly grow production in the longer term. There are 100 wells in the block but only half of those wells are active at the moment providing opportunity to go in and redevelop those assets over time. The asset is high quality and material in size with about 3 bnbbls of light sweet oil initially in place (OIIIP) in the shallow water block. The asset is economically robust, with breakeven at about \$35/bbl, and the upside potential is highly attractive with every 1% increase in recovery from the OIIIP of 3 bnbbls translating to 30 mmbbls of additional production.

# Chief Executive's Statement

## continued

The entry into Block 3/O5A also provides Afentra with access to existing light oil and associated gas discoveries that could be tie-back developments to the existing Block 3/O5 infrastructure. Block 3/O5A contains an oil in place of ~300 mmbbls, including one partially developed and two un-developed oil discoveries. There is potential for material incremental gross production of circa 10,000 bbl/d.

Block 23 represents a longer-term opportunity for Afentra and contains a working petroleum system and a small pre-salt discovery; 95% of the basin is underexplored, with the potential to be de-risked using advanced geophysics.

The assets are strategically consistent with the objectives set out at launch in terms of providing material scope to optimise production and unlock hidden value through an enhanced technical approach. As detailed in the COO's Statement (Sustainability – pages 38 and 40) and the Criteria for Value Creation sections of the Annual Report, the environmental footprint of the core 3/O5 asset is relatively high in terms of emissions, thereby providing scope for another critical strategic objective which


is to work closely with the operator to understand opportunities to improve the emissions profile on the assets. The ability to create value and have a positive environmental impact at the asset level are two core criteria of Afentra's asset selection process, making these assets the ideal initial projects through which to demonstrate our strategy in action.

Given these transactions involve the acquisition of non-operated positions, it was important for Afentra to ensure they were entering a Joint Venture with a solid operator and supportive partners. The incremental addition of INA not only provides Afentra with more exposure to a high-quality asset but it also increases the influence we believe we can have on the JV as an active partner which is a critical aspect of the strategy; we are delighted to have announced completion of the INA transaction earlier in May marking the inception of our partnership with Sonangol. Ahead of completion of the INA and (ongoing) Sonangol transactions, the Company has held constructive dialogue with the Operator to provide its technical insights and outline the work programme that will be delivered in order to enhance production and reduce emissions over time.

### Building an organisation to reflect ambition

A key area of focus through the year was the continued strengthening of the organisation to ensure we have the appropriate level of competency and expertise in all the areas to support our near and longer-term growth. In that regard the Company has added key personnel in financial, technical and sustainability roles. Pleasingly, the Company has been able to attract high calibre talent from the top echelons of the sector, reflecting the type of inclusive culture and ambition that we wish to project at Afentra. The strength and credibility of our personnel at all levels of the organisation represent a key differentiator for Afentra compared with companies of our current size.

As a result of this strengthening of the team, we are able to punch above our weight. This has already been evidenced through our ability to identify and execute these complex transactions in an efficient manner. While the suspension period associated with the RTO took longer than we had hoped for as a result of regulatory and legal complexity, the actual RTO process was delivered in line with



expectation thanks to the good work of our in-house finance and legal capabilities.

I'd like to commend my finance colleagues on a tremendous job of securing the financing to execute these transactions on competitive terms and I have full faith in their ability to secure future growth capital as required. Afentra places cost discipline at the core of everything it does and adopts a strict commitment to maintaining a prudent approach to debt and its capital structure. This unwavering focus on G&A applies to our business development philosophy in terms of the highly selective approach to screening opportunities.

### **Exciting times ahead**

As we enter our third year as Afentra, we are very satisfied with the progress we have delivered. Our first year was about defining the strategy and identifying our first deals, and the second year was about putting in the building blocks to deliver that strategy and execute value accretive transactions. This current year will be truly transformative for the Company as we complete the Angolan deals and set about working closely with our partners to deliver mutually beneficial outcomes for all the stakeholders.

In parallel with the work we will be doing in Angola, we will continue to screen compelling opportunities in line with our strategy. We believe the efforts to establish Afentra as a credible counterparty of choice have been successful and we have built up the internal resources and capabilities to ensure we can deliver the next wave of growth in tandem with our new operational focus in Angola. We are excited about the opportunities that lie ahead in Angola, and will be active in other core target markets if we find opportunities that deliver the criteria we seek in terms of creating value and delivering positive outcomes for all stakeholders.

Following a very volatile year for our sector and global economies in 2022, we believe the current backdrop provides a more stable environment for Afentra to deliver its strategic objectives. The more stable pricing environment enables Afentra to achieve a better balance of delivering value from its acquired asset base while also progressing business development through better industry engagement and a more supportive environment for accessing the capital to deliver inorganic growth.

I'd like to thank the Board for their guidance and insights, my team for their hard work and diligent professionalism, our shareholders for their stable support, and all of our new stakeholders in Angola. We look forward to updating the market on our progress through this pivotal year ahead.

**Paul McDade**  
Chief Executive Officer

15 May 2023

## Criteria for Value Creation

# Asset identification and acquisition due diligence

In 2022 Afentra continued its focus on asset identification and detailed due diligence whilst also building a deep understanding of the Block 3/O5 assets. All M&A assets reviewed were located in Africa, our focus geography. Oil and gas assets have been reviewed from onshore to the offshore. This resulted in not only the transaction with Sonangol in Angola, but also Afentra announced the signing of an SPA with INA for additional interest in Block 3/O5 and also further equity in 3 appraised but undeveloped discoveries in Block 3/O5A.

The graphic provides detail on the high-level considerations that guide our decision-making, with a particular emphasis on the technical, operational, above-ground and commercial aspects of any opportunity. Principally, the focus is to identify assets that are of scale and provide sufficient scope to enhance value through improved operating techniques and more creative development solutions. Upside potential from assets often results from them being under-invested in, under-developed or poorly developed. Afentra's technical and commercial expertise is used to identify and create solutions to exploit that hidden value and is a key tenet of the growth strategy.

Block 3/O5 and 3/O5A demonstrates this strategy in action with Afentra capturing a low cost, long life, cash flow positive, production asset at a competitive price. Work in 2022 has uncovered further opportunities that were not initially identified. Importantly there appears to be far more low cost, short cycle opportunities that revolve around sustainable water injection as well as artificial lift. With our entry into Block 3/O5A there are fully appraised development opportunities that could materially increase production.

Environmental considerations are an equally important aspect, as we seek to have a positive impact on the carbon intensity of any acquired asset, either directly through an operating approach, or indirectly through influence and alignment with the Operator of the asset. Afentra asked SLR to conduct an independent ESG audit of the Block 3/O5 assets as part of the initial assessment. This identified a number of areas that we can work with the contractor group to improve the emissions profile of the asset. The team have already identified a number of emissions reduction opportunities and the next stage will be to understand the future potential of each opportunity and then screen, rank and prioritise before influencing the contractor group to invest to reduce the emissions in line with Angola's goal of zero routine flaring by 2030.

The approach to valuation of assets remains a critical aspect in the delivery of Afentra's acquisitive growth strategy, and this has become ever more important in today's rapidly inflated commodity price environment. Afentra's team remains disciplined in its approach to ensure acquisitions completed in the current market are value accretive through a long-term lens. If the asset does not meet our metrics we will not pursue it. With a core asset now secured we will look for opportunities to grow further but only if these are value accretive for our shareholders.



Ian Cloke,  
Chief Operating Officer



## High-level screening

## Detailed screening

## Asset acquisition

### Subsurface screening

- Material production: *18-20 kbb/d*
- High quality reservoirs and hydrocarbons: *Fractured high quality carbonate*
- Untapped resource potential: *Multiple near term, low cost opportunities to infill to discovery tie-in*

### Technology, innovation and hidden value

- Gap in subsurface solutions: *Artificial lift not deployed*
- Development innovations: *Low cost monopod platforms not deployed*
- Field extension and legacy discoveries: *Infill opportunities and surrounding discoveries*

### Operations screening

- Leverage existing infrastructure in 2nd owner life cycle: *14 platforms*
- Asset integrity and lifespan: *Investing in water injection revival and power*
- Focused well stock and facility upgrade: *100 wells available*

### Above ground

- Manageable Non-Technical Risk: *Stable jurisdiction with aligned government. Incentives to invest*
- Pursue Operatorship: *Collaborative approach with operator*
- Aligned JV partners and stakeholders: *Consolidating equities to align partners*

### Commercial and risk management

- Material cash flow profile: *Stable positive cash flow*
- Low cost and complexity of development: *Shallow water low cost operations and developments*
- Short cycle portfolio options: *Multiple investment opportunities*

Technical

Operational

Above Ground

Commercial

### Quality producing assets and discovered resources

- Empowering workforce to operate efficiently
- Safely optimising to enhance margins and reduce Opex
- Opportunity to increase throughput to decrease Opex
- Increasing production and unleashing full asset potential: *18-20 kbb/d in 2023 with opportunity to grow to in excess of 30 kbb/d by 2027*
- Reducing carbon and environmental impact through lifespan: *Opportunity to reduce flaring to zero with export solution*
- Whilst excluding high risk exploration and expensive developments: *Only exploiting already discovered resources or low risk field tie-backs. Developments predictable and low risk and low cost*

*Italics denote how the Angolan acquisitions fit into our screening process.*



## Asset Summary

# Angola provides an opportunity to build a material production and development business whilst contributing to a sustainable transition

### Angola Overview

Our entry to Angola, lays the foundations for a significant core asset base in West Africa which we will work to leverage and grow from. These are high quality, shallow water, production assets with stable and robust cash flow with material growth potential. The acquisitions span the E&P lifecycle from exploration, development through to a mature production base and deliver a significant legacy asset set within this highly attractive West African jurisdiction. Whilst we acknowledge current emissions are high on this asset, we see significant scope for improvement across multiple projects and will work to increase momentum and prioritise emissions reduction opportunities.

#### Status of deals

Afentra is progressing its transaction to acquire a 20% non-operated interest in Block 3/O5 and 40% non-operated interest in Block 23 from Sonangol P&P. A complementary transaction with INA supplies additional 4% equity in Block 3/O5 and 4% in Block 3/O5A, which completed in May 2023.

Block 3/O5's existing PSA expires in 2025. In May, the Block 3/O5 JV partners agreed terms and the process for formal administration of the licence extension has commenced. Key enhancements include; licence extension from 1 July 2025 to 31 December 2040 and improved fiscal terms that strengthen the economics of the permit. This extension is a condition to completing the Acquisition of the Sonangol deal and the Company awaits the conclusion of this process. To date, the asset decommissioning costs have been pre-funded.

Block 3/O5A Production Sharing Agreement expires in 2035, having commenced in 2015.

Block 23 exploration license has been extended until 2026 allowing the new contractor group time to agree with ANPG a work program once the Sonangol divestment program is completed.

## Post deal interests

### Block 3/05

Company	Interest
Sonangol (Op.)	30%
<b>Afentra</b>	<b>24%</b>
M&P	20%
Azule	12%
etu energias	10%
NIS Naftagas	4%

### Block 3/05A

Company	Interest
Sonangol (Op.)	25%
China Sonangol International	25%
M&P	20%
Azule	12%
etu energias	10%
<b>Afentra</b>	<b>4%</b>
NIS Naftagas	4%

### Block 23

Company	Interest
Namcor – Sequa – Petrolog (Op.)	40%
<b>Afentra</b>	<b>40%</b>
Sonangol	20%



## Asset Summary



# 18,660 bbl/d

Block 3/O5 fields averaged in 2022

### Block 3/O5 (Production)

In 2022 the Block 3/O5 fields averaged 18,660 bbl/d from 38 wells with a water cut of ~75%. This is 9% higher than the 2021 production of 17,080 bbl/d. Looking to 2023 and beyond, we see significant production and value creation potential in Blocks 3/O5 & 3/O5A, through integrating near term asset integrity revitalisation, infrastructure upgrades and production optimisation, together with longer cycle brownfield development opportunities such as in-fill drilling and the tie-in of undeveloped discoveries. A holistic approach focused on leveraging existing and upgraded infrastructure including the potential to tie into the nearby ALNG gas pipeline is key to unlocking the full potential of this acreage whilst aligning with Angola's endorsement of the World Banks Zero Routine Flaring by 2030 initiative. As shared in the Sustainability section, we believe there are a large number of potential opportunities for reducing the relative emissions intensity and will work with the operator and contractor group to ensure these are prioritised.

Importantly, in the next few years, sustaining current production levels relies on re-instating and sustaining the waterfloods in tandem with integrity, maintenance and existing well stock optimisation projects. These activities are all, low cost, rapid capital return, activities. Incremental production growth relies on longer term infill drilling and nearby discovered oil and gas resources in 3/O5A being matured and brought on stream.

### History

Block 3/O5 offshore Angola lies in the southern Congo Basin. The block consists of 8 mature fields (Palanca, Impala, Impala SE, Bufalo, Pacassa, Pambi, Cobo and Oombo) from which first

oil was achieved in 1985, with a combined STOIP of ~3.2 bnbbbls of which 1.34 bnbbbls of oil has been produced to date. Peak oil production was approximately 200,000 bbl/d in mid-1998.

Block 3/O5 lies in 60-100m water depth 37km offshore and is developed via 4 processing platforms and 17 support structures interlinked by 220km of subsea flowlines. This infrastructure enables gathering and separation of all produced fluids together with water injection and gas lift across the fields. The Palanca Terminal (Floating storage and offloading facility 'FSO') is the offtake route with a maximum storage capacity of 2 mmbbls.

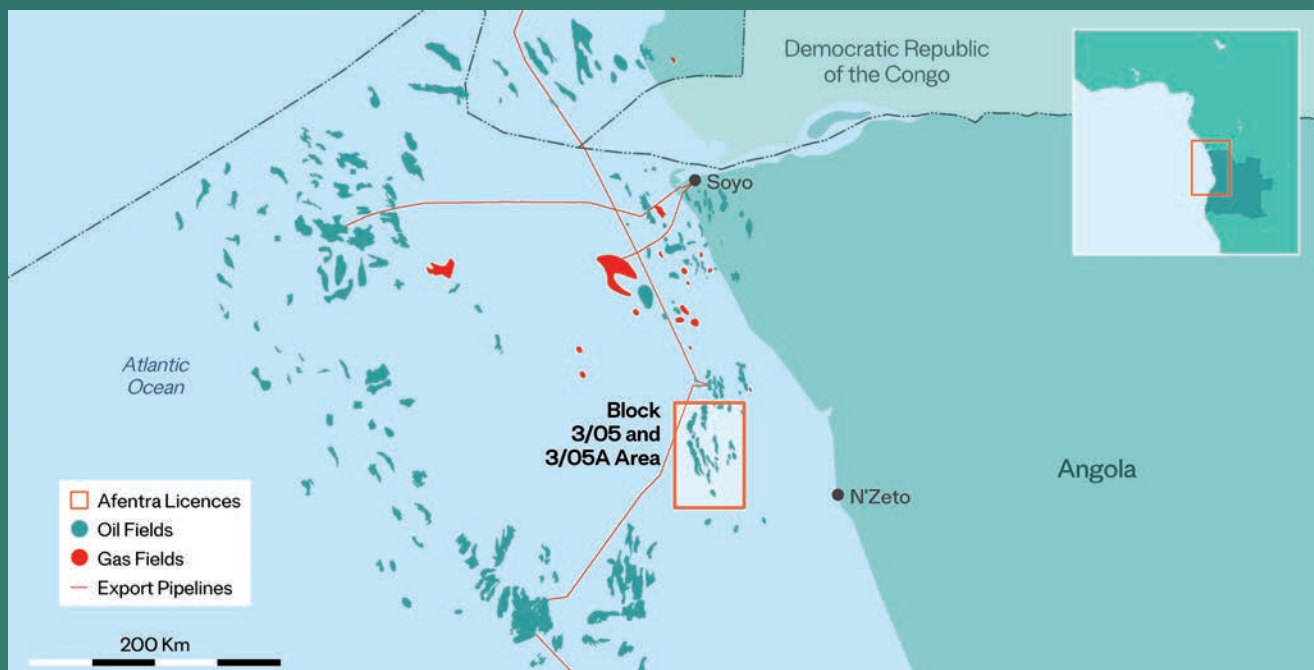
All production to date has been sourced from the prolific fractured Albion Pinda carbonate reservoir in southern Congo Basin. The labe and Malembo reservoirs have yet to be developed. The depth of the Pinda varies from 2,000-3,500m and ranges in thickness from 330-480m.

### Value creation potential

During the field history water injection was successfully implemented as an enhanced recovery mechanism across 7 of the 8 fields, reaching a peak rate of ~366,000 barrels water injection per day ('bwi/d') in November 1999. Water injection slowed and ceased due to lack of maintenance investment in the oil price downturn of 2015/16. Sonangol has made progress towards re-instating injection capacity post Covid and are successfully overcoming a series of aging infrastructure hurdles to deliver availability improvements across the operational system.

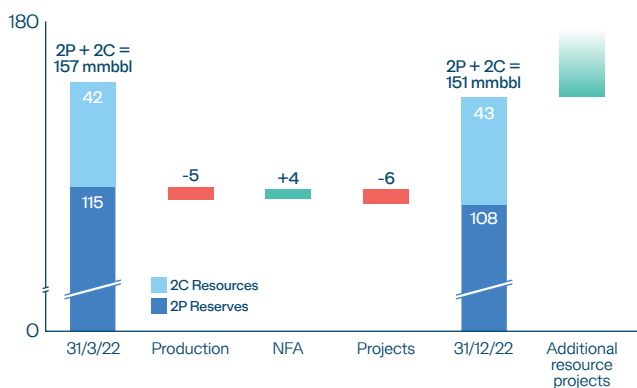
Afentra and the Contractor Group anticipate increases in the recovery potential associated with delivery of sustained





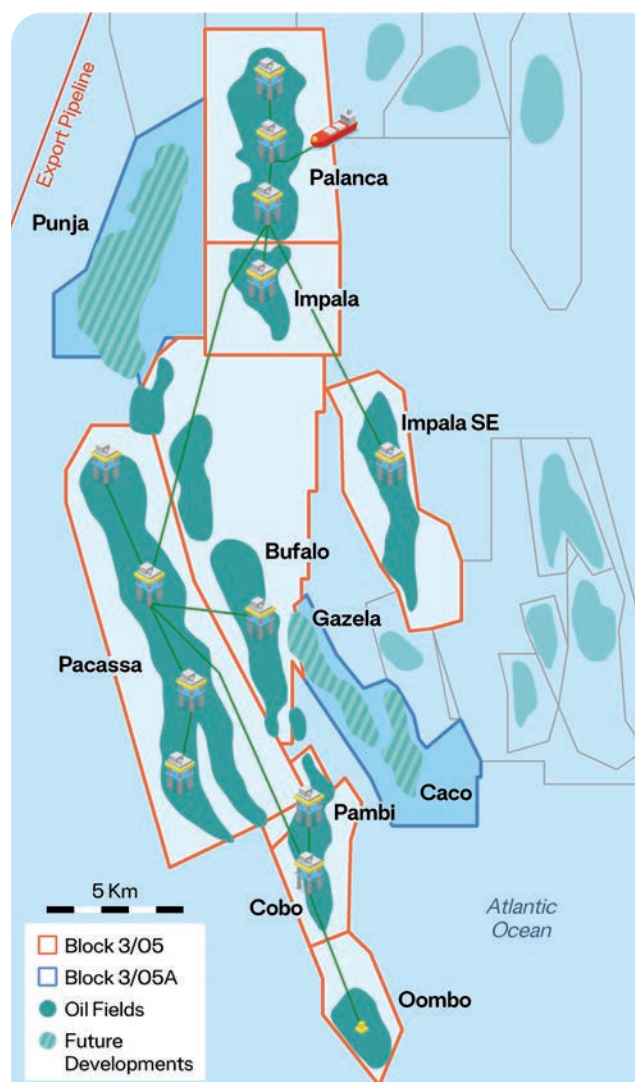
waterfloods. This together with existing well stock optimisation opportunities including artificial lift is focused on accelerating reservoir throughput and oil recovery. In addition, longer cycle potential associated with infill drilling campaigns and access to shallower oil pools in the labe and Malembo reservoirs are under consideration to grow production.

#### Gross Reserves and Resources (mmbbl)



ERCE conducted an updated CPR at year end 2022, with the results illustrated in the above waterfall chart. Encouragingly an enhancement of +4 mmbbls reserves is attributable to better field performance during April – December 2022. Scheduling deferrals and re-phasing of projects resulted in -6 mmbbls reserves, for barrels which fall into future tail-end production.

Contingent resources remain largely unchanged, with additional potential projects to be added via ESP deployment and re-development of Oombo Field. Additionally, no reserves or resources are currently booked for Block 3/05A.



## Asset Summary



# 300 MBO

Block 3/O5A combined STOIP (2.4 MMbbls recovered to date)

### Block 3/O5A (Appraisal)

Block 3/O5A contains 3 appraised light oil discoveries (Punja, Caco & Gazela) with a combined STOIP of in excess of 300 mmbbls from which only 2.4 mmbbls has been recovered to date. Long-term testing commenced at the Gazela field, of ~1,100 bbl/d, enabling framing of potential development options. The existing Block 3/O5 infrastructure and synergies with the application of fit for purpose technology provides the opportunity for production growth potential via tie backs. Our multi-disciplined team is taking a holistic view of Block 3/O5A and Block 3/O5 together, working with the operator and contractor group to progress these opportunities towards value generating appraisal and development. Full field production of these discoveries could result in an incremental 10,000 bbl/d or greater of production leveraging the existing facilities.

Given the high gas oil ratio of the Punja field reservoirs, an integrated gas management plan across both Blocks 3/O5A and 3/O5 is essential to optimising the responsible development of these oil and gas resources. In line with our ESG values, all alternatives to flaring excess gas from additional developments will be evaluated with the Joint Venture before proceeding to sanction future projects. There are a number of zero routine flaring options that will be evaluated, including commercial export of excess gas via the ALNG network which is located in close proximity to existing infrastructure or gas injection into existing fields. Both options will require review and a potential upgrade of the existing compression infrastructure located at the Cobo field.

The Joint Venture partnership will be progressing the next steps to both Punja and Caco-Gazela in a phased approach in order to gain appraisal data, reduce uncertainty and generate

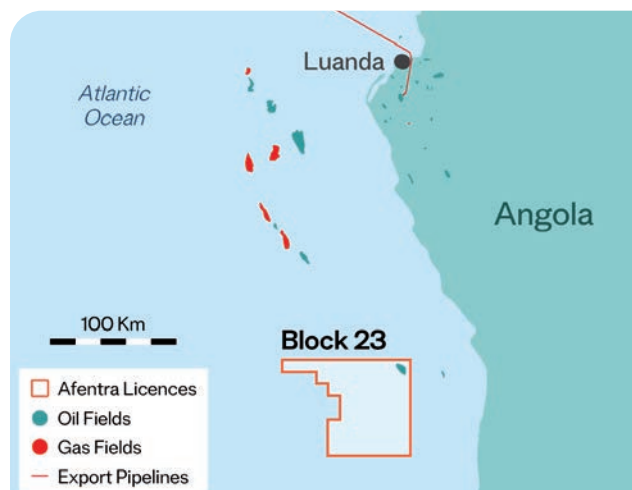
cash flow through monetising early production. A number of development concepts will be screened and ranked in order to reach an optimised FID in the near term.

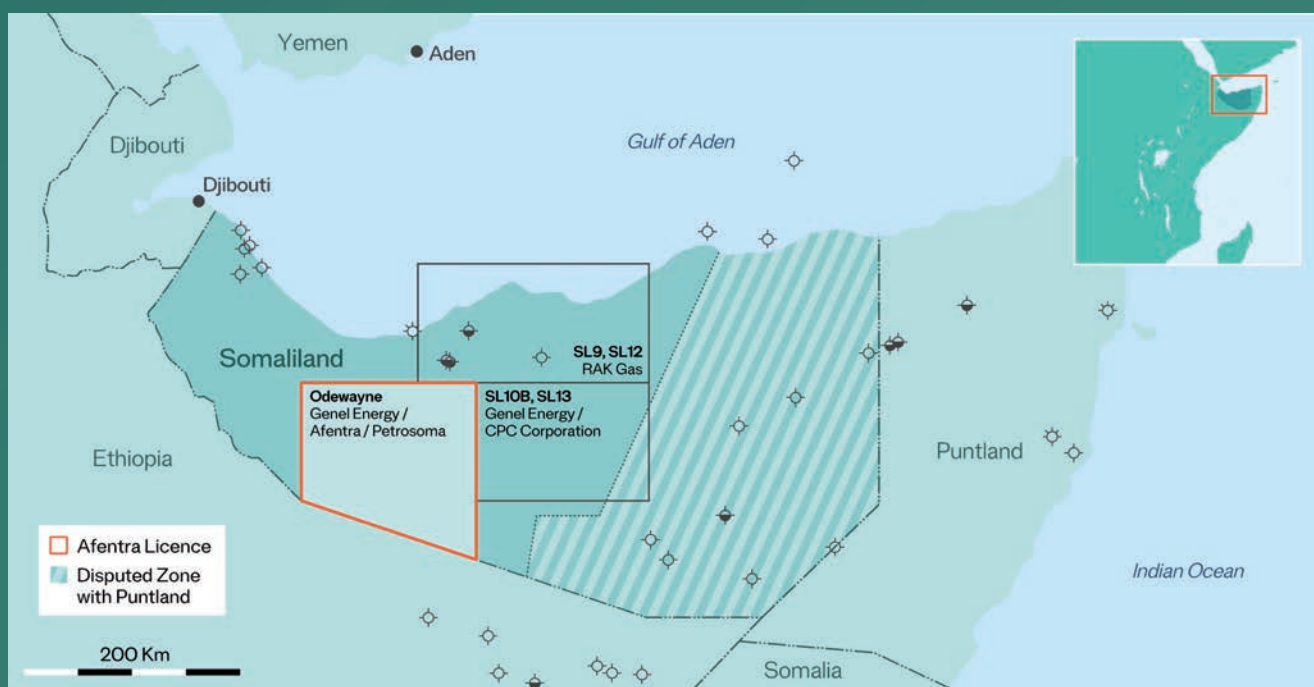
### Block 23 (Exploration)

Block 23 Offshore Kwanza has a large aerial footprint of almost 5,000km<sup>2</sup> in water depths of 600-1,600m. Block 23 contains the sub commercial Azure pre-salt carbonate discovery which tested at 3,000-4,000 bbl/d light sweet crude oil and is estimated to contain approximately 150 mmbbls STOIP.

The block is covered by modern 2D & 3D seismic data, with further follow up prospectivity mapped in both pre and post-salt plays.

There are no outstanding work commitments on the block – however we are reviewing a possible work program to re-process 3D seismic which has the potential to de-risk a large part of the basin, using advanced geophysical techniques.





## Somaliland

Somaliland offers one of the last opportunities to target an undrilled onshore rift basin in Africa. The Odewayne block, with access to Berbera deep-water port less than a 100km to the north, is ideally located to commercialise any discovered hydrocarbons.

### Odewayne (Exploration)

This large, unexplored, frontier acreage position covers 22,840km<sup>2</sup>, the equivalent of c.100 UK North Sea blocks. Exploration activity prior to the 2017 regional 2D seismic acquisition program has been limited to the acquisition of airborne gravity and magnetic data and surface fieldwork studies, with no wells drilled on block.

The Company's wholly owned subsidiary, Afentra (East Africa) Limited ('A(EA)L'), holds a 34% working interest in the PSA (fully carried by Genel Energy Somaliland Limited for its share of the costs of all exploration activities during the Third and Fourth Periods of the PSA).

The Odewayne production sharing agreement was awarded in 2005. It is in the Third Period, with a 1,000km, 10km by 10km 2D seismic grid acquired in 2017 by BGP. The Third Period has been further extended, through the 8th deed of amendment to May 2025.

During 2022 the main work program consisted of the dating of field samples, integrating these with identifying and mapping a number of leads using the PSTM 2D geophysical data leading to a risked volumetric assessment. This has resulted in an integrated semi-regional basin model. From this integrated framework, further understanding of the Block prospectivity can be worked during the course of 2023.

During the course of the 3rd quarter of 2022 a water well drilled by the ministry of Water Resources Development at the village of Baha-Dhamal, within the Odewayne exploration license flowed a dark viscous liquid following water. Samples were collected and geochemical analysis undertaken in order to define potential hydrocarbon content of the fluid. Initial results appear to indicate the presence of trace hydrocarbons with further advanced analysis ongoing. Afentra has also undertaken independent analysis confirming the presence of trace oil in a sample. The operator, will as part of its 2023 work program, attempt to resample the fluid at the original well location to define the future work program.

### Contract Summary

Contract type	PSA
<b>Participants</b>	
Genel Energy Somaliland Limited (Op.)	50%
Afentra (East Africa) Limited	34%
Petrosoma Limited	16%
<b>Exploration term</b>	
Current Period 3: May 2025	
Period 3 work commitment (fully carried): 500km 2D seismic acquisition	
Period 4 work commitment (fully carried): 1,000km 2D seismic acquisition and one exploration well	
<b>Production term</b>	
Twenty five years, renewable for additional ten years.	
<b>State participation</b>	
State may back in for up to a 20% participating interest in any development and production area.	



## Sustainability

# Across the host countries in which we conduct our business, we recognise and understand the need for a Just Energy Transition

Going beyond the mandatory requirements of an AIM listed company, the information incorporated within this sustainability review is the result of the Company's continued engagement with internal and external stakeholders and is informed by the reporting guidelines of the Global Reporting Initiative ('GRI') and the Task Force on Climate-related Financial Disclosures ('TCFD').

### Embedding ESG across our activities

Across the host countries in which we conduct our business, we recognise and understand the need for a Just Energy Transition by increasing socio-economic development whilst lowering emissions and bridging the gap to renewable forms of energy. We continuously work with our Joint Venture partners to reduce the environmental impact of our operations and improve our ESG credentials through responsible energy use.

In 2021 we shared the importance of shining an ESG lens on M&A opportunity screening. This aspect continues to be vital whilst reviewing and maturing potential additional acquisitions. We continue to assess opportunities on social & environmental factors, health and safety and climate-related matters alongside technical, operational and commercial aspects.

Our Joint venture equity in Somaliland works on the basis of supporting the Operator on achieving best practices through all aspects of sustainable investment, delivering enhanced socio-economic development within the areas in which we operate.

During the previous 12 months, we have started to gain valuable insights into the opportunities and challenges in Blocks 3/O5 and 3/O5A Angola and understand how we can begin to work with our Joint Venture partners to add material impact. We are building a deep understanding of the key issues allowing our integrated team to take a holistic approach to asset integrity, safety, the environment, compliance and the emissions profile. In developing our knowledge of the key safety and environmental statistics that will form the core of our data reporting, the team has used its time purposefully to acquire and screen data, already adding value to the partnership. Our team has already started to focus attention on the importance of accurate and valid baseline data acquisition such as emissions and is working on ensuring this crucial component gains the relevant level of commitment from the Operator. Although still at an embryonic stage we have commenced developing concepts and ideas that could reduce the emissions profile of the asset to support the Operator in meeting Angola's stated goal of zero routine flaring by 2030.







# Sustainability



## 100%

London office electricity from renewable sources

### Assessing our impacts

As we have not yet completed both transactions in Angola the key reportable ESG component for 2022 will focus on the HSE performance from our London-based team and associated travel. Whilst of relatively low impact, during the course of 2022, the Scope 2 emissions for our London office focussed on electricity used for heating, cooling and power consumed 42,811kWh which equates to 8,279kg CO<sub>2</sub>e based on standard UK grid electricity conversion factors. We use an energy supplier that generates 100% of its electricity from renewable sources which with offsets neutralises our emissions. We have also tracked company travel during Q4 2022, generating 20,836kg CO<sub>2</sub>e of emissions. Being cognisant of our environmental impact and recognising the benefit of carbon offsetting, we are working to identify relevant environmental projects to invest in that will bring broader benefits to our host country.

From 2023 onwards, we expect to report the key ESG data from our Joint Venture operations. Although we are yet to complete both transactions in Angola (INA asset acquisition completed in May 2023, with the Sonangol asset acquisitions yet to complete) this has not prevented us developing concepts to share with the contractor group on possible approaches to reduce emissions on the assets.

From a safety perspective, the team takes a very proactive approach to managing risk across our activities and is developing the positive aspects of ensuring the risks are understood and minimised. As there is currently a small team in the London office there have been no Afentra incidents to date.

In 2022, following our readmission to trading, the team reviewed and updated our robust set of company policies from Health and Safety through to Climate Change documents. Active involvement of the Afentra leadership ensures these policies are regularly reviewed and fully aligned with the company values.

### Making a meaningful contribution

Afentra is committed to promoting the sustainable development of communities within the countries in which we have a presence, in line with the United Nations Sustainable

Development Goals. Through Genel, our Joint Venture Operator in Somaliland, Afentra funded food and drought relief programmes for 4,000 families within local communities in the Odewayne district during the summer of 2022.

Throughout 2023 Afentra will review targeted, high-impact social and environmental projects for future investment in Angola as part of our commitment to improve lives and increase socio-economic development within these communities.

### Operating with integrity

Afentra takes governance extremely seriously. In 2022 we updated Our Code of Ethics and Business Conduct ('Code') following our readmission to the market. The Code contains our Guiding Principles and describes the positive behaviours that we expect from everyone involved in our business. Afentra maintains a zero-tolerance approach to Anti-Bribery and Corruption (ABC) and we had 100% completion by all employees and contractors of our ABC training module. As part of our transactions in Angola, we conducted due diligence on Sonangol and similarly they conducted due diligence on Afentra.

During the year, Angola was accepted to the EITI. As the second largest oil-producing country in Africa, Angola's economy is heavily dependent on oil and gas production, which accounts for about a third of the country's GDP. Reporting in line with the EITI Standard will mean that information regarding beneficial owners and contracts pertaining to extractive companies, as well as the management of state-owned enterprises and sector revenues are made public. We believe that the transparent and accountable management of the extractive sector and the effective management of the economic value generated will contribute to a transformative developmental impact for Angola. It is our intention to become a corporate signatory to EITI in 2023.

**Ian Cloke**

Chief Operating Officer

15 May 2023

## Our ESG Approach



### Working Safely

At Afentra, we believe that ensuring the health, safety and security of employees, contractors and local communities is at the heart of our business.

We demonstrate the correct behaviours to inspire everyone associated with our activities to achieve a safe and healthy workplace.

We have a motivated team who take responsibility for the company H&S performance.

Everyone at Afentra is encouraged to be aware of their individual responsibilities and to take the appropriate actions if they feel there is an unacceptable risk.

We plan and prepare for potential emergencies.



### Environmental Stewardship

We recognise that oil and gas activities are often associated with environmental impacts and intensive resource use.

We believe it is right to reduce the environmental impact of our activities and are committed to responsible environmental stewardship for the benefit of future generations.

We are committed to taking full responsibility for any impact we generate and continually look for opportunities to have a positive impact on the environment.

We recognise the significant challenge presented by climate change and support the Paris Agreement goal to limit the global average temperature below 2°C compared to pre-industrial levels.

We are committed to supporting a sustainable energy transition by minimising our scope 1 and 2 greenhouse gas emissions and seeking innovative ways to meet this global target at a local level.



### Cultural Framework

We seek to draw on the talent of all our people and stakeholders recognising that a diverse range of backgrounds and experiences are fundamental to delivering value for all investor and stakeholders.

We will be open, honest and transparent in engaging with our people, and provide a fair working environment free from discrimination.

We take a zero-tolerance approach to bribery and corruption and we conduct our business honestly, fairly and transparently.

Afentra has a zero-tolerance of tax evasion and the facilitation of tax evasion and we are committed to maintaining effective systems and controls to ensure this cannot take place in our business.

We seek to operate in a fair and transparent way with our contractors and suppliers and work with business partners who share our approach.

We are committed to maintaining the highest standards of integrity, transparency and business conduct.



### Partners for success

Engagement and dialogue with local stakeholders to ensure that, as far as possible, projects benefit both the Group and the communities in which the project is located and will do this in a safe, responsible and sustainable manner.

By investing in the region, empowering our people and working with our partners we can positively impact local economies and deliver significant economic returns to all stakeholders. We will work with our host communities to develop impactful opportunities in support of a Just Transition.

We work to assess the risk of human and labour rights to our activities and have taken steps to ensure that underage, forced or bonded labour has no place in Afentra's business or supply chain.

# Sustainability

## Our process for responsible asset management

### Vision – Mission – Values – Principles and Policies



#### Assess

In selecting the Right Asset, we:

Engage with operators that share our high values/standards

Follow our cultural framework of principles, values, approach and impact

Carry out thorough due diligence on the health, safety and environment of potential options

Engage openly and transparently to deliver the best value for all stakeholders



#### Plan & Prioritise

Upon engagement, determine:

Opportunity roadmap for emissions reduction projects

Set goals and interim milestones for both flare and methane reduction

Training and competence of staff

Set KPIs to manage the HSE performance



#### Execute

We will deliver by:

Actively engaging with our partners to seek continuous improvement in our HSE performance

Ranking high impact projects proposed for execution

Enabling investment into decarbonisation projects

Providing proactive performance and activity oversight

### Responsibility In Action

#### Our investment into Block 3/05 Angola

In line with our robust approach, upon engaging with the Operator, we found the current status to be:

#### Operational Health & Safety

**Maintaining Excellence: A Robust Health and Safety System for Safe Production and Asset Integrity**

- Health and safety system aligned to standard industry benchmarks (TRIF & LTI)
- Historical performance suggests good performance relative to IOGP benchmarks with zero LTI's for over 1,000 days
- Multi-year asset integrity plan in place with annual rolling maintenance program
- Focus on asset uptime and safe production

#### Environmental Management

**Driving Environmental Stewardship: Achievements and Ambitions for Sustainable Operations**

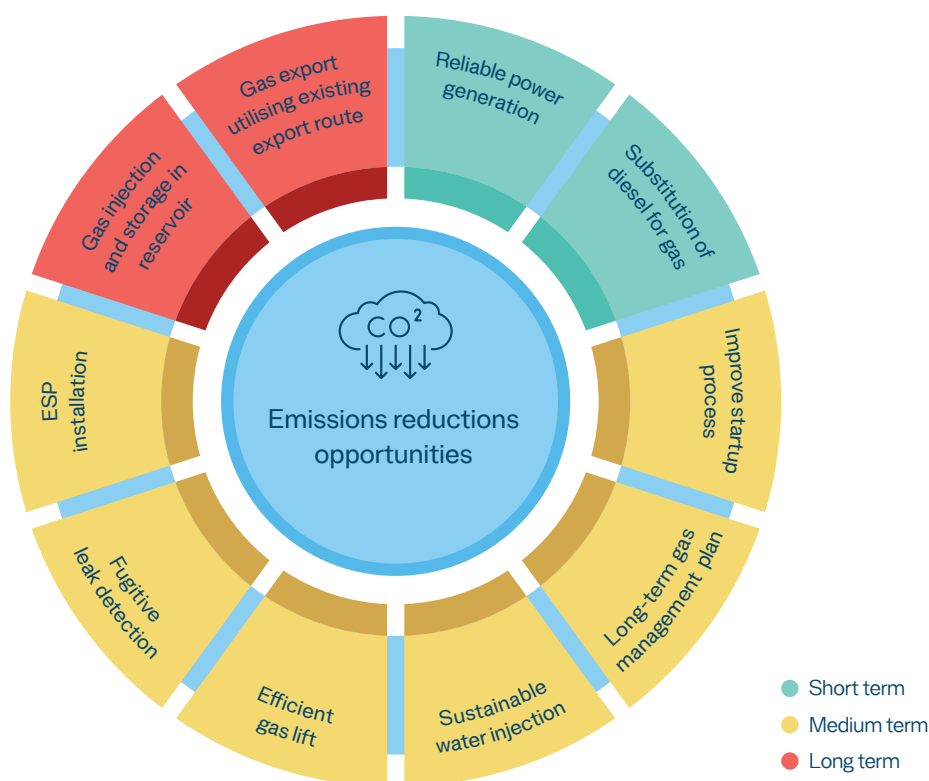
- Elementary environmental KPIs recorded
- Positive improvements throughout 2022 with zero spills and the oil in water discharge reduced from 25ppm to 19ppm with a future target to reduce further
- Ambition to achieve zero routine flaring by 2030
- Potential identified to improve gas utilisation and reduce emissions within the asset

## Environmental transparency and emissions reduction strategies for net zero commitment

We aim to be transparent with environmental data and we are currently working with the Operator to reliably gather baseline emissions profiles across the 3/O5 asset. We intend to share our equity portion of Scope 1 data in next year's Annual Report. This level of transparency is an important step for us to work alongside the Joint Venture partnership to achieve Angola's stated Net Zero commitment by 2030. A holistic approach to emissions is being taken in order to understand opportunities to improve operational efficiencies and reduce emissions, via more resourceful usage.

Significant learnings came out of the Independent ESG report that has considerably enhanced our understanding and allowed the team to focus on key areas, utilising a risked Environmental and Social Action Plan. According to the data provided, flaring is the primary emitter of CO and VOCs (venting and fugitive sources excluded), and together with the combustion of fuel gas, flaring is a significant contributor to the asset's overall emissions.

Looking ahead our team see substantial opportunities for emissions reduction which will be worked up throughout the short term and shared across the Joint Venture for review. The highest ranking projects will be proposed for execution in the medium to long-term. Numerous conversations across the Joint Venture have confirmed that emissions reduction projects have not had the highest priority with the Operator and we will work to increase momentum. Whilst we have a strong drive to execute projects quickly, and gas remains a significant focus, we are aware of substantial hurdles and anticipate the impact of these projects to be felt in the medium to long-term. Given the Operator continues to make steady progress in executing water injection ramp-up, this will naturally start to reduce produced gas volumes and hence, flaring will naturally start to decline. An integrated gas management solution is seen as key to unlocking future developments, driving down emissions and adding value to these assets.





## Sustainability



### Climate Risk & Resilience

We are committed to building a resilient business, attractive to investors and one that meets multiple stakeholder requirements. Acutely aware of the need to support the responsible development of hydrocarbon assets in the context of the requirement to decarbonise global energy systems, our strategy is to decarbonise hydrocarbon production, in collaboration with our partners, and in balance with the socio-economic requirements of host countries.

This year, Afentra reviewed the recommendations set out by the TCFD and began the process to embed the recommendations as appropriate for a business of its size and position.

We will continue to mature our position on all four pillars and 11 recommendations of the TCFD during 2023.





## Oversight

The analysis of climate-related risks has been integrated into the Group's existing risk management framework. As such, our leadership team has primary responsibility for monitoring and managing climate-related risks and opportunities.

Our leadership considers all ESG issues when reviewing and guiding strategy, major plans of action and risk management policies, as well as when overseeing major capital expenditures, acquisitions, and divestitures. The best example of this is the due diligence report delivered by SLR Consulting ('SLR') to support our assessment of all ESG risks of the assets in Angola, more detail of which is enclosed below.

Our leadership team periodically inform the Board of changes to Afentra's risk profile, which includes the assessment of climate-related risk, and together agree that climate-related risks have the potential to materially impact the financial performance of Afentra over the long-term (considered 10+ years).

Details of this assessment and the Group's approach to the management of risk are set out on pages 46 - 51.



## Assessing climate risk and resilience

As part of our due diligence process to acquire interests in the Sonangol assets, offshore Angola, we commissioned the development of a comprehensive ESG due diligence report, comprising environmental, health and safety, supply chain and climate-related analysis.

The purpose of the Climate Change Risk Assessment (CCRA), prepared in accordance with the requirements of the Equator Principles (2019) and IFC's Performance Standards on Environmental and Social Sustainability (2012), was to undertake a preliminary assessment of the climate-related risks to Sonangol's upstream oil and gas operations.

The assessment utilised two IPCC scenarios for analysis. These forecast changes in Angola's climate in the near term (2021-2040) and medium term (2041-2060), and under two climate scenarios, namely SSP1-1.9 (best case) and SSP5-8 (worst case).

The transition to a lower carbon economy poses several risks to Sonangol's operations with respect to potential changes in legislation and policy, markets, and technologies. The transition to a low-carbon economy will also give rise to new opportunities with respect to resource efficiencies and new product/service offerings.

This preliminary assessment only identified but did not assess the significance of the climate-related risks and opportunities. This is something that the leadership team will consider upon completion of the transaction.

# Sustainability

## Transition and Physical Risk


The energy transition is expected to impact the O&G industry and change the environment in which we operate. The impact of these changes depends on many variables, all of which remain uncertain.

Our evaluation of potential risks is described below and relates to the Angola assets only.

In line with TCFD recommendations, potential risks are divided into:

- Transition risks driven by the world's transition to a lower-carbon economy
- Physical risks driven by the physical impacts of climate change

Physical			
Category	Risk driver	Risk	Mitigations
Acute	Increasing frequency and intensity of storm surges together with rising sea levels.	Risk of damage to surface facilities, and in particular the processing/wellhead platforms and floating storage and offloading (FSO) facility, leading to temporary disruption in production and revenue losses.	<ul style="list-style-type: none"> <li>• Develop and implement an early warning system to allow for early detection of storm surges.</li> <li>• Update existing emergency response plans to include storm surges.</li> <li>• Ensure that rising sea levels are taken into account in the design of new infrastructure/ upgrades of existing infrastructure.</li> </ul>
Acute	Increasing frequency and intensity of storm surges together with rising sea levels.	Risk of damage to infrastructure, and in particular the wells, pipelines, and surface infrastructure, leading to oil spills and contamination of the receiving environment. This may result in revenue losses (disruption in production), increased operating costs (clean-up of oil spill(s)), and increased risk of litigation (from environmental NGOs).	<ul style="list-style-type: none"> <li>• Develop and implement an early warning system to allow for early detection of storm surges.</li> <li>• Update existing emergency response plans to include storm surges.</li> <li>• Ensure that rising sea levels are taken into account in the design of new infrastructure / upgrades of existing infrastructure.</li> </ul>
Chronic	Rising mean temperatures and increasing number of very hot days.	Risk of workers suffering from heat stress, leading to reduced productivity, and in extreme cases, an increase in heat-related morbidity.	<ul style="list-style-type: none"> <li>• Develop and implement an awareness programme to raise awareness about the dangers of heat stress and the importance of staying well hydrated.</li> </ul>
Transitional			
Category	Risk driver	Risk	Mitigations
Policy and legal	Pricing of GHG emissions and enhanced emissions-reporting obligations.	With growing international pressure, there is the risk that Angola will introduce pricing of GHG emissions and enhanced emissions-reporting obligations, leading to increased operating costs.	<ul style="list-style-type: none"> <li>• Closely monitor promulgation of new climate legislation and policies.</li> <li>• Actively engage in the law- and policy-making processes to ensure that potential impacts on O&amp;G sector are taken into consideration. Engagement can be through industry organisations.</li> </ul>



<b>Policy and legal</b>	Exposure to litigation.	With growing global awareness of climate change and increasing discontent with major contributors to climate change, there is a risk of increased climate-related litigation, leading to increased operating costs.	<ul style="list-style-type: none"> <li>• Develop and implement a formal GHG management plan with reduction targets and roadmap for achieving these targets.</li> <li>• Develop and implement an economically viable roadmap for achieving their commitment of net-zero routine flaring by 2030.</li> </ul>
<b>Market</b>	Increased cost of production.	Risk of increased output requirements (e.g., zero flaring of associated gas), leading to increased production costs.	<ul style="list-style-type: none"> <li>• Develop and implement an economically viable roadmap for achieving their commitment of net-zero routine flaring by 2030.</li> </ul>
<b>Technology</b>	Substitution of existing products with lower emissions options.	Risk of write-offs or early retirement of existing assets producing carbon-intensive products (e.g., crude oil) with the transition to products (e.g., natural gas) with lower emissions and repricing of fossil fuel assets, potentially making these assets loss leading.	<ul style="list-style-type: none"> <li>• Incorporate risks associated with transition to lower carbon products and repricing of fossil fuel assets into decision making processes with respect to investments in new assets or extending the life of existing assets producing carbon-intensive products.</li> </ul>
<b>Market</b>	Changing customer behaviour.	Risk of reduced demand for carbon-intensive products (e.g., crude oil) in the medium- to long-term with a change in customer preferences, leading to revenue losses.	<ul style="list-style-type: none"> <li>• Incorporate risks associated with transition to lower carbon products and repricing of fossil fuel assets into decision making processes with respect to investments in new assets or extending the life of existing assets producing carbon-intensive products.</li> </ul>

## Opportunities

We believe the energy transition presents opportunities and if managed well we believe these opportunities can materially benefit Afentra, its partners and host communities.

Opportunities		
Type	Category	Opportunity
Resource efficiency	More efficient production processes.	The implementation of energy and GHG reduction initiatives can lead to more efficient production processes and reduced operating costs. This can also lead to reduction in liability if pricing of GHG emissions comes into place.
Products and services	Development and/or expansion of low emission goods/services.	Using existing assets producing carbon-intensive products (e.g., crude oil) to pivot towards developing/expanding assets producing less carbon intensive products (e.g., natural gas) in response to shift in consumer preferences.
Products and services	Development and/or expansion of low emission goods/services.	With more stringent regulation of routine flaring, there is potential to increase revenue from the monetisation of associated gas.
Products and services	Development and/or expansion of low emission goods/services.	The increase in demand for natural gas as 'transition fuel', particularly among developing countries, may lead to upward repricing of natural gas assets.


## Business Risk

# Managing and mitigating our material issues

## Principal business risks

The long-term success of Afentra depends on the ability to successfully acquire assets that align with the Group's purpose and strategy and to manage those assets responsibly and sustainably for the long term creating value for all stakeholders. In achieving that long term success, the Group is exposed to a number of risks and uncertainties which could have a material adverse impact on the delivery of the strategy and the future business. The Board and Senior Executive Team recognise and fully understand the need to have a risk identification, mitigation and management process in place to ensure that key risks to the business are discussed and documented, and ultimately successfully managed, ensuring transparency of both content and process. The risk management process and associated risk register is owned by the CFO and is reviewed regularly by the Executive Directors and the Audit Committee.

The risks to the company's business were refreshed during the year and reflect the imminent acquisitions in Angola and the knock-on impact to the organisation. As such, documented below are an updated set of principal risks and mitigations in relation to the delivery of the Group strategy and purpose.

Category	Risk	Mitigation	Change
<b>Strategic and Economic</b> <ul style="list-style-type: none"> <li>• Competition, barriers to entry</li> <li>• Country risk</li> <li>• Climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Competitors have greater financial and technical resources.</li> <li>• Difficulty in capital raising for new acquisitions and/or to fund development activities.</li> <li>• Adverse economic, geopolitical or social instability, the associated impacts and/or sanctions imposed by host or other governments.</li> <li>• Climate change and the energy transition is adding to market volatility and could have a negative impact on smaller independent hydrocarbon E&amp;P companies.</li> </ul>	<ul style="list-style-type: none"> <li>• Through staff expertise, robust financial systems and economic models, optimise deal evaluation &amp; bid processes to move quickly and competitively to value / price the appropriate opportunities.</li> <li>• Management has and maintains a proactive dialogue with existing and prospective debt &amp; equity investors and has a strong track record.</li> <li>• The Board and management monitor and consider political, regulatory, fiscal and social risks associated with all target assets. Mitigate through proactive relations with host governments, and JV partners, utilise local advisors / expertise if required.</li> <li>• Climate related risks and opportunities (arising from a just transition) are core to the company's vision and strategy and underpins all evaluation of potential asset and markets.</li> </ul>	



Category	Risk	Mitigation	Change
<b>Operations – Non Operated</b> <ul style="list-style-type: none"> <li>Health and safety</li> <li>GHG Emissions</li> <li>Contractor performance</li> </ul>	<ul style="list-style-type: none"> <li>Incidents occurring on oil &amp; gas facilities resulting in fatalities, or serious injuries, environmental damage and/or loss of production.</li> <li>High levels of flaring results in non-conformance to Zero flaring by 2030, reputational damage and potential fines due to breaching limits.</li> <li>Complexity around contractor selection and performance management on a large development could result in sub optimal outcomes resulting in a loss of value.</li> </ul>	<ul style="list-style-type: none"> <li>Work with Operators to understand / influence how the HSE risks at operational facilities are managed and how they are staffed with experienced and fully trained personnel. Ensure through robust communications with the Operators expectations around safety critical maintenance (undertaken when required and not delayed), and risk assessment procedures and practices, ensuring both are fully documented and rigorously followed by requisite personnel. Look for verification on facility site visits. Ensure operational risks are covered by insurance where possible.</li> <li>Influence operators to reduce flaring by the following: Measure data to understand exact level of flaring, identify potential solutions to deploy to reduce flaring from incremental reductions to zero flaring and influence operator to deploy GHG reduction technologies. Share emissions reductions concepts with regulator to influence Operator.</li> <li>Support operators, in contractor evaluation and selection procedures, advise on best practices, jointly participate in contractor performance management including kpi selection and on going monitoring.</li> </ul>	▲
<b>Organisation</b> <ul style="list-style-type: none"> <li>IT Systems</li> <li>Attracting and retaining sufficiently skilled personnel</li> </ul>	<ul style="list-style-type: none"> <li>Risk of an IT systems failure resulting in the loss of key data or rendering the business inoperable for a period, and/or a cyber security threat manifesting resulting in loss of data security and potentially value.</li> <li>Failure to attract and hire the requisite technical and functional staff with the right experience to support the firm as it grows, resulting in operational, technical and functional issues.</li> </ul>	<ul style="list-style-type: none"> <li>Develop and document a fit for purpose DRP and BCP for business critical functions.</li> <li>All legacy seismic data backed up and stored offsite. Any future seismic data will be held on our Nutanix system and utilise the same DR system as the Nutanix clusters.</li> <li>Non seismic data is backed up daily and stored on site.</li> <li>We have a hosted exchange service from Microsoft, the SLA for downtime on exchange and SharePoint aims to be less than 45 minutes per month. All incoming and outgoing email are archived in an immutable form, providing some protection from Ransomware, Phishing and Malware.</li> <li>Additional experienced staff were recruited during 2022, so the company has the requisite skills and experience to meet the requirements of 2023 post acquisitions.</li> <li>Personnel requirements are assessed regularly, and plans are in place to ensure business continuity can continue in the event of a shortage of requisite skills.</li> <li>Local market conditions are continually monitored to ensure a competitive salary, bonus and training framework is in place to retain and attract new staff when required.</li> </ul>	▶

## Business Risk

Category	Risk	Mitigation	Change
Financial	<ul style="list-style-type: none"> <li>• Volatile commodity prices (both low or high) impacting buyer – seller expectations, impacting ability to acquire assets.</li> <li>• Low commodity prices could impact liquidity of the company, and have a negative impact on ability to service debt and generate positive cash flow.</li> <li>• Risk of default of bank holding deposits, off-taker of production, contractor / supplier or JV partner not fulfilling obligations.</li> <li>• Risk that a partner, business associate or an employee may in the course of business, offer to pay, bribes, unjustifiable fees or gifts to middlemen, which could damage Afentra's reputation and result in Afentra being in contravention of laws that prohibit such action, including the UK Bribery Act 2010.</li> </ul>	<ul style="list-style-type: none"> <li>• The company will only bid on assets priced within the group's financial framework which will include mixtures of debt and equity capital raises. Key economic KPI's will need to be achievable to enable asset bids to be approved for progression via the Board.</li> <li>• The company will manage its exposure to fluctuating oil price via a Board approved hedging program.</li> <li>• Monitor public announcements and any publicly available documents / reports for indicators of financial distress prior to agreeing to future financial commitments.</li> <li>• Conduct full financial and legal due-diligence along with obtaining representations where relevant prior to entering any new JV or partner relationships.</li> <li>• Conduct robust due diligence of counter-party, consider use of insurance cover.</li> <li>• Group policies including Anti-Bribery and Corruption Policy, Anti Facilitation and Tax Evasion Policy and the Code of Ethics and Business Conduct clearly state Afentra's position in preventing poor practices. The Group Anti-Bribery and Corruption procedure, ensures that any partner or affiliate of a partner maintains a robust anti-bribery compliance environment.</li> <li>• The Group provides training for its employees and contractors on an annual basis with 100% compliance.</li> <li>• All contracts, purchase orders and service orders contain business ethics provisions.</li> </ul>	▶

▲ Increased ▼ Decreased ▶ Unchanged

### **Internal control**

The Directors are responsible for establishing and maintaining the Group and the Company's systems of internal control including financial and compliance controls and risk management. These are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication.

The Group's internal control procedures include Board approval for all significant expenditure. All major expenditures require either senior management or Board approval at the appropriate stages of each transaction. A system of regular reporting of the state of the Group's financial affairs provides appropriate information to management to facilitate control. The Board reviews, identifies, evaluates and manages the significant risks that face the Group.

Any systems of internal control can only provide reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated. The Directors, having reviewed the effectiveness of the system of internal financial, operational and compliance controls and risk management, consider that the system of internal control operated effectively throughout the financial year and up to the date the financial statements were signed.

The Audit Committee, on an annual basis, reviews the need for an internal audit function. Given the nature of the Company's business and assets, the current internal control procedures in place and the size of the Company, the Board are satisfied that an internal audit function is unnecessary at this time.

## Our Stakeholders

# Engaging with our key audiences

### Section 172 Statement

A director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- The likely consequences of any decision in the long-term,
- The interests of the company's employees,
- The need to foster the company's business relationships with suppliers, customers and others,
- The impact of the company's operations on the community and the environment,
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly between members of the Company.

The Board has regard to the provisions of s.172 of the Companies Act 2006 in carrying out their duties and have regard to the matters set out in s.172 (a) – (f) in the decisions taken during the year ended 31 December 2022.

### Our stakeholder engagement

The Board identifies a number of key stakeholders of the Company: JV partners; regulators and government partners;

communities where our assets are located; shareholders; and our employees. During the year the Company actively engaged with its identified key stakeholders.

The Company is committed to engaging positively with the communities in which our assets are located and looks to support those communities impacted by our operations.

As mentioned throughout this report, In Angola, the company has worked closely with the Concessionaire and Sonangol at all levels, to progress the completion of the asset acquisitions on Block 3/O5, Block 3/O5A and Block 23.

As set out on page 37 the Company has worked closely with Genel Energy during 2022. The Company will continue to engage with the Operator in relation to this asset to further evaluate the prospectivity of the licence.

The Company has a small team of employees and consultants based in the UK and Africa, all of whom have direct contact with either the COO or CFO who engage directly with the workforce, a benefit of the current size of the company. Board meetings are held in the UK office where several employees and consultants are invited to join the meeting from time to time. The Board has day-to-day business interactions with various employees of the Group, so they receive direct employee feedback and engagement.

The Directors regularly engage with investors via the AGM, EGM (2022 shareholder approval for the Sonangol Acquisitions was received) and at other times during the year. Continued access to the capital markets is key to the success of the Company's M&A strategy and so the management team and the Board work to ensure that the Company's investors have a sound understanding of the Company's strategy and ambitions and how this may be implemented. Investors' views are sought by the Directors to guide the Company's strategy and its M&A activities. This activity and engagement will continue in 2023. The Company's M&A strategy has become more targeted towards seeking assets in specific jurisdictions, as discussed in the Chairman's and CEO's statements.

### Principal decisions during 2022

The approval to proceed with two proposed asset acquisitions in Angola – the Sonangol farm down of interests in Block 3/O5 and Block 23, and INA disposal of its interests in Block 3/O5 and 3/O5A – were critical Board decisions taken during the year. Further decisions made by the Board related to other M&A opportunities that were reviewed during the year, and discussed through the lens of strategic fit, long-term value accretion, and sustainability (including understanding the potential impact on communities and the environment). In 2023, the Board will continue to review potential M&A opportunities.





## Financial Review

# 2022 has been a truly transformational year for Afentra

Our focus on value accretive M&A, accessing proven resources and delivering robust cash flows, has been evidenced by the progress made with the two inaugural acquisitions in Angola. These highly cash generative acquisitions provide entry into a core jurisdiction for the company and a platform from which we plan to access further opportunities and to grow Afentra in line with our strategy to ultimately deliver sustainable shareholder returns.

Our acquisitions will be financed through a mix of debt and cash on the balance sheet.

Despite a shrinking financing market with a number of mainstream banks no longer lending into the oil and gas space Afentra has been successful in securing a conventional Reserve Based Lending ('RBL') arrangement for up to \$75 million of the Sonangol and INA acquisitions' costs as well as a Working Capital facility of up to \$30 million with Trafigura and Mauritius Commercial Bank.

The resulting aggregate split between debt and equity (cash) at completion of both deals is likely to be in the 70% / 30% range with cash contribution made from Afentra cash reserves.

In addition, Afentra has access to a \$35 million accordion RBL to finance a third transaction in Angola.

## Key Terms - RBL, up to \$75 million:

- 5-year tenor
- 8% margin over 3-month SOFR ('Secured Overnight Financing Rate')
- Semi-annual linear amortisations
- The key financial covenant for the RBL is the ratio of Net Debt to EBITDA (less than 3:1)

## Key Terms - Working Capital, up to \$30 million revolving facility:

- 5-year tenor
- 4.75% margin over 1-month SOFR
- Repayable with proceeds from liftings

Looking forward, our focus for 2023 remains unchanged from an M&A perspective. We will look to uncover potential further opportunities to grow and expand our presence in Angola.

We will also continue to seek opportunities to enter new geographies within West Africa.

From a more general finance perspective, we will be working hard to become a constructive and reliable commercial partner working alongside the Operator (Sonangol) to help optimise the assets safely and sustainably. We will also ensure that we successfully manage our RBL and working capital facilities, including hedging a portion of our future production, all executed within a sound internal control framework.

## Selected Financial Data

		2022	2021
Year end cash net to the Group	\$million	<b>20.4</b>	37.7
Restricted funds	\$million	<b>(10.2)</b>	-
Adjusted EBITDAX	\$million	<b>(5.2)</b>	(2.0)
Loss after tax	\$million	<b>(9.1)</b>	(5.0)
Year end share price	Pence	<b>26.4</b>	14.6

## Non-IFRS measures

The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures can include capital investment, debt and adjusted EBITDAX.

## Income statement

The loss from operations for 2022 was \$9.0 million (2021: loss \$5.0 million). During the year, net administrative expenditure increased to \$9.0 million (2021: \$5.0 million) predominantly as a result of exceptional (one off) costs associated with the RTO process (\$2.6 million in the period) and a 2022 bonus provision of \$1.5 million, payable on completion of the Sonangol transaction.

In 2022, a portion of the Group's staff costs and associated overheads have been expensed as pre-licence expenditure (\$3.1 million), or capitalised/recharged (\$32k) where they are directly assigned to capital projects. This totalled \$3.1 million in the year (2021: \$2.4 million).

Finance income (interest received on deposits) in the year of \$86k (2021: \$36k).

Anastasia Deulina,  
Chief Financial Officer



Finance costs during 2022 totalled \$197k (2021: \$45k), represent by foreign exchange losses (\$154k) on cash held by the Group and other finance charges of \$43k).

The loss for the year was \$9.1 million (2021: loss \$5.0 million):

	\$ million
Loss for year 2021	(5.0)
Increase in G&A and pre-licence costs	(4.0)
Increase in finance expense	(0.1)
<b>Loss for year 2022</b>	<b>(9.1)</b>

#### Adjusted EBITDAX and net loss

Group adjusted EBITDAX loss totalled \$5.2 million (2021: \$2.0 million loss):

	2022 \$ million	2021 \$ million
Loss after tax (page 88)	(9.1)	(5.0)
Interest and finance costs	0.1	0.0
Depletion and depreciation	0.2	0.2
Pre-licence costs	3.5	2.7
<b>Total EBITDAX (Adjusted)</b>	<b>(5.2)</b>	<b>(2.0)</b>

The basic loss per share was 4.1 cents per share (2021: loss 2.3 cents per share). No dividend is proposed to be paid for the year ended 31 December 2022 (2021: \$nil).

#### Statement of financial position

At the end of 2022, non-current assets totalled \$21.9 million (2021: \$22.0 million) the majority of which relates to the Odewayne block (\$21.3 million).

Net assets/total equity stood at \$49.8 million (2021: \$58.9 million) and net current assets reduced to \$28.1 million (2021: \$37.3 million).

At the end of 2022 cash and cash equivalents totalled \$20.4 million (2021: \$37.7 million) with the reduction due to a transfer of \$10.2 million to restricted funds (in relation to the Sonangol and INA transactions) with the balance related to spend on G&A.

#### Cash flow

Total decrease in cash and cash equivalents in the year was \$17.3 million (2021: \$4.9 million), for the reasons described above. A full reconciliation is provided in the Consolidated Statement of Cash Flows on page 91.

During the year there were minimal cash investments on the Odewayne Block in Somaliland due to the Group's interest being fully carried by Genel Energy Somaliland Limited for its share of the costs during the Third and Fourth Periods of the PSA.

#### Accounting Standards

The Group has reported its 2022 and 2021 full year accounts in accordance with UK adopted international accounting standards.

#### Cautionary statement

This financial report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. Whilst the Directors believe the expectation reflected herein to be reasonable in light of the information available up to the time of their approval of this report, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control but, for example, owing to a change of plan or strategy. Accordingly, no reliance may be placed on the forward-looking statements.

Anastasia Deulina  
Chief Financial Officer

15 May 2023

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

Paul McDade  
Chief Executive Officer

15 May 2023

# Corporate Governance

Year ended 31 December 2022







## Board of Directors

### Executive team



**Paul McDade**  
Chief Executive Officer

A Petroleum engineer with over 35 years within the international oil & gas business has provided Paul with a rich and diverse set of relevant experiences. From his early international experience in challenging operational, social, security and safety environments, to his 19 years as COO and then CEO of Tullow Oil, he has essential first-hand experience of what is required to build a successful African-focused, responsible oil & gas company.

His strong focus on delivering stakeholder value, shared prosperity, environmental performance and strong governance, coupled with his understanding of the role that oil and gas has to play in both the global and African energy transitions, makes him the ideal leader to deliver Afentra's ambitious growth strategy, a company that will have stakeholder objectives and ESG embedded at its core.



**Ian Cloke**  
Chief Operating Officer

A Geoscientist with over 25 years of international oil & gas experience and a proven track record of deploying innovative technologies across global upstream projects that positively impact operational, technical and commercial results for the benefit of all stakeholders. As EVP at Tullow Oil, he led multi-cultural and diverse teams focused on safely improving production and operations at pace across Africa and South America, effectively managing risk and social-environmental sensitivities whilst embedding strong financial discipline.

He has first-hand experience in making a difference in countries having discovered and successfully delivered commercial oil & gas in Uganda, Kenya and Guyana amongst others. Having lived and travelled throughout Africa, he has enjoyed the full spectrum of life and business on the continent, making him an ideal founding partner and COO of Afentra.



**Anastasia Deulina**  
Chief Financial Officer

Anastasia's multicultural upbringing and over 20 years of working in the energy sector within global, multinational investment banks, private equity and corporates has given her extensive experience in strategy development, deal origination, structuring and execution, M&A and business transformation.

Her primary focus is always on driving sustainable business growth that has a visible positive impact on the bottom-line. This, along with her significant prior Board experience, both as a NED and committee member, and her strong global business development and financial network means that Anastasia provides expert leadership as Afentra's CFO.



## Non-executive team

### Jeffrey MacDonald

Independent non-executive Chairman

Jeffrey MacDonald was a former managing director with private equity firm, First Reserve, with responsibility for investment origination, structuring, execution, monitoring and exit strategy, with particular emphasis on the oil & gas sector.

Before joining First Reserve, he was a founder and CEO of Caledonia Oil & Gas Ltd., a U.K. based exploration and production firm, and a founding member and managing director of Highland Energy Ltd. Most recently he held the position of Interim CEO and, prior to that, non-executive Director, of Kris Energy.

### Gavin Wilson

Independent non-executive Director

Gavin Wilson has held the position of Investment Director at Meridian Capital Limited, a Hong Kong based international investment firm, for over a decade, managing an oil & gas portfolio focused on world-class assets in emerging markets.

Mr. Wilson founded and managed, for over seven years, two successful investment funds - RAB Energy and RAB Octane. Previously he was Managing Partner of Canaccord Capital London's Oil & Gas division, responsible for Sales and Corporate Broking/Finance.

## Statement of Corporate Governance

Afentra has been established to help facilitate a responsible energy transition on the African continent that delivers positive outcomes for all stakeholders. Our purpose is to support the African energy transition as a responsible, well managed independent, enabling the continued economic and social development of African economies and bridging the gap to other/renewable forms of energy. We aim to be the trusted partner of IOCs, NOCs and host governments in Africa in the divestment of legacy assets.

Our approach is to manage assets responsibly, achieving the full asset potential whilst also reducing carbon emissions. We aim to achieve this using robust ESG principles embedded in the core fabric of our business model and operating structure.

The Board has been appointed to lead the Company to achieve our purpose and to work with the management team to set out our culture and ensure we succeed in our mission.

The Company follows the principles of best practice set out in the Quoted Companies Alliance Governance Code (the 'QCA Code'). The appropriate Corporate Governance Code will remain under review as the Company grows and evolves. Following the appointment of the new Board and executive team last year, the Company has developed its corporate governance and is satisfied with the structure now in place. Our governance structure will continue to evolve as the company develops and grows and we will ensure stakeholders remain informed through regulatory announcements and updates on our website.

### Corporate culture


Afentra is building its business on a strong ESG foundation and the core elements of those principles are embedded in our strategy and business model. Our vision is to establish the Company as a leading pan-African operator with an unwavering commitment to operational excellence, environmental stewardship, transparent governance, positive socio-economic impact, and strong sustainable shareholder returns. Oil and gas remain important in the energy mix and as IOCs change their business models with a view to developing a lower-carbon footprint driven by societal and investor pressure, these assets must continue producing to meet global demand, enable an effective energy transition and allow the host countries to benefit from the revenues they generate. Afentra seeks to be a credible acquirer of these assets, enabling IOCs and host governments to have confidence that those assets will be managed in a responsible way, with strong environmental stewardship and transparent governance ensuring we hold ourselves to account as a best-in-class operator.

To implement our acquisition and growth strategy we have a thorough due diligence process to scrutinise opportunities for their suitability. Initial high-level screening covers subsurface, operational, commercial and risk management before progressing to more detailed assessment of a potential target asset against our acquisition criteria. The Board is focused on reducing and managing identified risks rather than eliminating all risk. Any acquisition of hydrocarbon assets inherently includes technical, subsurface, operational, above ground and commercial risks and the Board has regard to such risks within its acquisition parameters. The Board seeks to eliminate HSSE risks and reputational risk.

### Board composition

The composition of the Board remains unchanged from last year with Jeffrey MacDonald serving as non-executive Chairman and Paul McDade as CEO. Ian Cloke continues as COO and Anastasia Deulina remains CFO, Gavin Wilson continues as an independent non-executive Director. The Board will





continue to search for an additional non-executive Director in 2023, as the candidate approached during 2022 was ultimately unable to take up the position.

Gavin Wilson holds 1.35% of the issued share capital of the Company. He also has a consultancy agreement in place with YF Finance Limited who own 9.90% of the issued share capital of the Company. Gavin Wilson is, however, not appointed to the Board as a shareholder representative of YF Finance and, accordingly, the Board considers him to be independent.

The Directors acknowledge that shareholder expectation is that at least half of the Directors of the Board will be independent NEDs and, as mentioned above, the Company is currently undertaking a search process to appoint a third independent NED. Composition of the various Board Committees remains under review and will change once the further independent non-executive Director has been appointed to the Board. Anastasia Deulina was appointed to the Audit Committee on a temporary

basis and will continue to serve in that capacity until a further appointment has been made with the requisite financial knowledge and experience.

#### **Functioning of the Board**

The Board is responsible to the shareholders for the proper management of the Company. A Statement of Directors' Responsibilities in respect of the financial statements is set out on pages 76 and 77.

Each Director takes their continuing professional development seriously and undertakes training from relevant professional and industry bodies in the form of attending seminars, conferences and continual updates of knowledge and industry practice. Each Director and the employees of the Company are required to undertake Anti-Bribery and Corruption training on an annual basis as well as regular updates on new and evolving areas of governance and compliance.

The Directors have access to the Company's other advisors as required including legal advisors and auditors

and have the authority to obtain external advice as deemed necessary. The Remuneration Committee, has sought advice from FIT Remuneration Consultants LLP ('FIT Remuneration') regarding the Company's remuneration policy as well as PWC and further details regarding this can be found in the Remuneration Committee's report on pages 65 - 72. The Independent non-executive Chairman is available to all shareholders and staff if they have concerns which, through the normal channels of contact, have not been resolved or for which such contact is inappropriate. The Company has not historically detailed the roles of Chairman, non-executive Director and Company Secretary however this will be reviewed going forward. The CEO, CFO and COO have contractual obligations to the Company.

## Statement of Corporate Governance (cont.)

### Conflicts of interest

Whilst conflicts should be avoided, the Board acknowledges that instances arise where this is not always possible. In such circumstances, Directors are required to comply with the Company's Conflicts of Interest Policy and notify the Chairman before the conflict arises and the details are recorded in the minutes. If a Director notifies the Board of such an interest, they may be, if requested by the Chairman, excluded from any related discussion and will always be excluded from any formal decision.

### Retirement and re-election

The Company's Articles of Association require that each Director (other than any Director appointed since the date of the notice of Annual General Meeting for

that year), retire and stand for re-election at each Annual General Meeting. All new Directors appointed since the previous Annual General Meeting are required to stand for election at the following Annual General Meeting.

### Meetings and time commitment of the Board

The Board and each of the Board Committees are provided with timely and accurate information sufficiently ahead of each scheduled Board and Committee meeting to enable Board and Committee members to have sufficient time to review and analyse the information provided. The Board and its sub committees meets at least four times a year and in addition holds ad hoc meetings. The Audit Committee meets

at least once a year, the Remuneration Committee and the Nominations Committee meet as required.

The Chief Executive, Chief Operating Officer and Chief Financial Officer are full-time positions. Non-executive Directors are expected to commit sufficient time to ensure they are fully aware of the Company's affairs and it is expected that this time commitment will vary over the course of the term with intensive periods requiring significant director focus.

The following table summarises the number of Board and committee meetings held during the year ended 31 December 2022 and the attendance record of the individual Directors:

	Board Meetings	Audit Committee	Remuneration Committee	Nominations Committee
<b>Number of meetings in year</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>-</b>
Paul McDade	3	-	-	-
Ian Cloke	3	-	-	-
Anastasia Deulina	3	1	-	-
Jeffrey MacDonald	3	-	1	-
Gavin Wilson	3	1	1	-

No formal Board performance evaluation took place in 2022, this will take place during 2023, post acquisitions.

### Jeffrey MacDonald

Independent non-executive Chairman

15 May 2023

# Audit Committee Report

## Members

This Committee currently comprises:

- Gavin Wilson (Chairman)
- Anastasia Deulina (Chief Financial Officer)

## Committee composition

During the year a search was undertaken for a new non-executive Director with the requisite skills and experience to Chair the Audit Committee. Whilst a candidate was identified and offered the position, the candidate subsequently became unable to accept the appointment and, as a result, the Board has relaunched its search process and expects to finalise this appointment later in 2023. Until the search is complete and a new non-executive director is recruited, Anastasia Deulina, the CFO, will continue as a member of the Audit Committee.

The Audit Committee met once during 2022. The Auditors have unrestricted access to the Chairman of the Audit Committee. Audit Committee meetings are attended by the Auditor where and when appropriate and, by invitation, the other Directors and senior management.

## Summary of responsibilities:

- monitoring the integrity of the Group's financial statements, including review of the financial statements of the Company including its annual and half-yearly reports and any formal announcements relating to its financial performance;
- reviewing the effectiveness of the Group's financial reporting, internal control policies and procedures for the identification, assessment and reporting of risk;
- monitoring the effectiveness of the internal control environment;
- making recommendations to the Board on the appointment of the Auditors;
- making a recommendation to the Board on Auditors' fees;
- agreeing the scope of the Auditors' annual audit programme and reviewing the output;
- ensuring the independence of the Auditors is maintained;
- assessing the effectiveness of the audit process; and
- developing and implementing policy on the engagement of the Auditors to supply non-audit services.

The Audit Committee has considered the Group's internal control and risk management policies and systems, their effectiveness and the requirements for an internal audit function in the context of the Group's overall risk management system. The Committee is satisfied that the Group does not currently require an internal audit function, however, it will continue to periodically review the situation.

An essential part of the integrity of the financial statements lies around the key assumptions and estimates or judgments to be made. Key estimates reviewed by the Committee included the expected credit loss model prescribed by IFRS 9 and the discount rate to be used (IFRS 16, leases). The Committee reviews key judgments prior to publication of the financial statements, as well as considering significant issues throughout the year, which included the carrying value of investments and impairment of assets (IFRS 6, Exploration for and Evaluation of Mineral Resources). The Committee reviewed and was satisfied that the judgments made by management contained within the Report and Financial Statements are reasonable.

In 2023 the Audit Committee will consider the INA and Sonangol transactions and the accounting treatment on completion.

The external audit function plays an important part in assessing the effectiveness of financial reporting and internal controls, and the effectiveness and quality of audit is of key importance. Our Auditors, BDO LLP, have been in place since 2010. The Committee notes that it is considered best practice for companies to put the external audit contract out to tender at least every ten years. In line with the audit profession's own ethical guidance, the current audit engagement partner is due to rotate off the Company's account in the year ending 31 December 2022, having served for a period of five years. Having considered the Financial Reporting Council's ('FRC's') guidance, the Committee's current intentions are that it will initiate a re-tendering process during 2023. The Committee has recommended to the Board that shareholders support the re-appointment of BDO LLP at the 2023 AGM.

Further disclosure relating to the Auditors is set out within the Directors Report.

Details of fees payable to the Auditors are set out in Note 4.

**Gavin Wilson**

Chairman of the Audit Committee

15 May 2023

## Nominations Committee

### Members

This Committee currently comprises:

- Jeffrey MacDonald (Chairman)
- Gavin Wilson
- Paul McDade

### Roles and responsibilities

The Committee is focused on ensuring that the composition of the Board and Committees of Afentra and its balance is optimal in order to help Afentra achieve its vision and deliver its strategy to its stakeholders. The Committee considers governance best practice taking account of the stage of development of the Company.

Key responsibilities include:

- Reviewing the structure, size and composition of the Board taking into account the skills, knowledge, experience and diversity of the various Board members and making recommendations to the Board regarding potential changes;
- Considering succession planning for directors and senior management and identifying and nominating for approval of the Board any candidates to fill Board vacancies as and when they arise;

- Reviewing the leadership needs of the Group, both executive and non-executive, with a view to ensuring that the Company can continue to deliver its strategy to stakeholders;
- Reviewing the time commitment required from non-executive Directors;
- Appointing any external advisors to facilitate the search for Board candidates or approving the use of open advertising; and
- Facilitating Board evaluation.

### Report on activities

The Committee is focused on ensuring that the composition and balance of the Board is optimal to help the Company to achieve its purpose of supporting the African energy transition as a responsible, well managed independent oil and gas development and production company. The Committee is confident that it has an exceptional leadership team with a proven track record of operational excellence, value creation and stakeholder engagement across Africa.

Following a review of the composition of the Board carried out by the Committee with a particular focus on the ongoing Angolan acquisitions, the Company engaged Preng & Associates during

2022 to assist in the search process to identify and appoint a further independent non-executive Director. Preng were requested to perform a search to identify candidates who would strengthen the overall composition of the Board and in particular take over as Chair of the Audit Committee from Gavin Wilson. A successful search was performed and a shortlist of candidates were interviewed by the Nomination Committee, although a candidate was identified and had accepted the appointment in principle, the candidate subsequently became unable to accept the appointment. As a result, the Company has relaunched its search process and expects to finalise this appointment during 2023.

As at the date of this report, the Committee is satisfied that, subject to the appointment of a further non-executive Director as described above, the composition of the Board is appropriate for the Company at this stage of its development.

### Jeffrey MacDonald

Chairman of the Nominations Committee

15 May 2023



# Remuneration Committee Report

## Members

This Committee currently comprises:

- Gavin Wilson (Chairman)
- Jeffrey MacDonald

I am pleased to present the Remuneration Committee's report for 2022. The report sets out how the Board was paid during the year ended 31 December 2022 and how it will be remunerated to support the delivery of the Company's strategy and purpose during the year ending 31 December 2023 under our remuneration policy.

## Details of the Remuneration Committee and its operation

The Remuneration Committee makes recommendations to the Board, within its agreed terms of reference, on the structure and quantum of remuneration packages for executive Directors and it reviews the remuneration for senior management. The Committee consists entirely of non-executive Directors and, where appropriate, will invite other individuals such as the Chief Executive, HR Manager and external advisors to attend meetings to provide suitable context for its discussions. Only members of the Committee participate in discussions and reach

conclusions on matters for which the Committee is responsible. No member or attendee is authorised to participate in matters relating to their own remuneration. Committee composition will remain under review and may be subject to change when the Company appoints a further independent non-executive Director to the Board. The Company Secretary acts as secretary to the Committee.

## Summary of responsibilities:

- recommending to the Board a remuneration policy for the remuneration of the Chairman, non-executive Directors, executive Directors and other senior management;
- within the agreed policy, determining individual remuneration packages for the executive Directors and other senior management;
- agreeing the policy on terms and conditions to be included in service agreements for the Chairman, executive Directors, and other senior management, including termination payments and compensation commitments, where applicable; and
- the approval of any employee incentive schemes and the performance conditions to be used for such schemes including share performance targets.

## Advisors to the Committee

FIT Remuneration Consultants LLP ('FIT Remuneration') was consulted during 2022 in respect of the operation of the Remuneration Policy. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com). In addition, PricewaterhouseCoopers LLP ('PwC') continued to advise the Committee on the structure and terms of the Founders Share Plan ('FSP') which is described further below.

## This report presents:

- **The Directors' Remuneration Policy**, which summarises the Remuneration Policy which was originally introduced by the Committee following the appointment of the new Board in 2021 and which will evolve as the Company grows; and
- **The Annual Report on Remuneration**, which details how the Committee operated the Policy for 2022 and how it intends to operate the Policy going forwards.

## Remuneration Committee Report (cont.)

### Directors' Remuneration Policy

The Remuneration Policy is designed to align with the Company's strategy, purpose and vision and recognises the experience of the leadership team which continues to lead the transformation of the Company and facilitate new opportunities for shareholders and other stakeholders. To recognise this and ensure the new Executive team are adequately incentivised by sharing in the value created from the corporate strategy, the Founder Share Plan ('FSP') was established last year and awards were made under the FSP to the Executive team, conditional upon completing a material acquisition. Details of the FSP, which is designed to ensure that rewards from this plan are only available following significant value creation relative to the share price at the time the new Executive team joined the Company, are set out below.

In addition to the FSP, a market consistent Long-Term Incentive Plan ('LTIP') was adopted last year to ensure that all members of staff can share in the value created from the new corporate strategy. Awards under the LTIP were made to employees in 2022, conditional upon, and with formal grant to occur on, completion of a material acquisition.

The Remuneration Policy is set out below.

#### Base salary

Purpose and link to strategy	To recruit and reward executives of the quality required and with appropriate skills to manage and develop the Company and deliver the strategy.
Operation	<ul style="list-style-type: none"> <li>Base salary is normally reviewed annually taking into account the executive Directors' performance, individual responsibilities and experience.</li> <li>The Committee may use market data where appropriate and will also consider matters of retention, motivation and economic climate as well as the challenges facing the business.</li> <li>The Committee will also consider pay increases awarded to the Company's employees when determining increases for the executive Directors.</li> <li>There is no maximum opportunity.</li> </ul>

#### Benefits

Purpose and link to strategy	To provide appropriate levels of benefits to executives of the quality required and appropriate skills to manage and develop the Company successfully.
Operation	<ul style="list-style-type: none"> <li>Benefits may include life assurance, travel insurance, income protection, subsidised gym membership and private medical insurance (or associated cash plan which is subject to an annual limit). Where appropriate some of these benefits are linked to base salary. Given the international nature of the business, relocation and expatriate benefits and reimbursed business expenses (including any tax liability) incurred when travelling overseas in performance of duties may be provided. This will be reviewed by the Committee as the Company delivers its buy and build strategy.</li> <li>The maximum potential value is the cost of the provision of these benefits.</li> </ul>

#### Pension

Purpose and link to strategy	To provide appropriate levels of pension provision to executives of the quality required and appropriate skills to manage and develop the Company successfully.
Operation	<ul style="list-style-type: none"> <li>10% of salary (delivered as a pension and/or a cash allowance).</li> </ul>

### Annual bonus

Purpose and link to strategy	To incentivise and reward the delivery of the Company's short-term strategic objectives.
Operation	<ul style="list-style-type: none"><li>• Maximum opportunity is up to 100% of salary p.a.</li><li>• Annual targets are normally set at the start of the relevant financial year (or shortly after a new executive joins the Board) based on financial, operational, strategic and/or personal performance.</li><li>• Any bonus payment is subject to the Company's malus and claw-back policy.</li></ul>

### Long-term incentives

Purpose and link to strategy	To retain, incentivise and reward the delivery of the Company's strategic objectives, and to provide further alignment with shareholders.
Operation	<p>The Company has introduced a Founder Share Plan ('FSP') whereby:</p> <ul style="list-style-type: none"><li>• participation will be limited to the founders (being those executive Directors who have invested their own funds in the Company's shares);</li><li>• participants will share in the growth delivered by the Company above a threshold that the Directors believe represents a challenging hurdle;</li><li>• malus and clawback provisions will apply.</li></ul> <p>Further details of the FSP are set out below.</p> <ul style="list-style-type: none"><li>• In addition, a market standard Long-Term Incentive Plan ('LTIP') has been introduced.</li><li>• The LTIP is initially intended to operate for below Board employees albeit the Committee may extend the plan to Executive Directors in the future (subject to the FSP).</li><li>• LTIP awards will normally be granted annually to employees with vesting subject to continued service and the achievement of stretching performance targets (whether share price based, financial, operational or strategic).</li><li>• The maximum annual opportunity is 100% of annual salary and there is an aggregate limit whereby the Company may issue no more than 15% of its share capital within a ten-year period to satisfy awards to participants in the LTIP, FSP and any other employee share plan.</li></ul>

### Shareholding guideline

Purpose and link to strategy	To align executive and shareholder interests.
Operation	<ul style="list-style-type: none"><li>• The Committee recognises the importance of executive Directors aligning their interests with shareholders through building up significant shareholdings in the Group. Executive Directors are expected to buy, and/or retain all shares acquired on the vesting of share awards (net of tax) until they reach a 100% of salary ownership guideline.</li></ul>

## Remuneration Committee Report (cont.)

### Non-executive Director fees

Purpose and link to strategy	To attract and retain a high-calibre Chairman and non-executive Directors by offering appropriate fees.
Operation	<ul style="list-style-type: none"> <li>The Chairman and non-executive Directors will receive an annual fee (they will not be eligible to participate in the Company's pension arrangements or annual bonus plan). Fees may be delivered in shares (in part or in full) to the extent that this is not considered by the Board to impair independence.</li> <li>Fees are normally reviewed annually taking into account the Directors' role, time commitment and comparator data where relevant.</li> <li>Each non-executive Director is entitled to be reimbursed travel and business associated expenses (including any tax liability) incurred in the normal course of business.</li> </ul>

### Service contracts and termination of employment

No Director currently has a notice period greater than 12 months and the service contract of the executive Directors contain no provision for pre-determined compensation on termination which exceeds 12 months' salary and benefits. If an executive Director's appointment is terminated within three months of a change of control of the Company, the relevant executive Director will be entitled to an amount equivalent to the gross value of (i) one year's salary and other contractual benefits (save in respect of holiday entitlement) and (ii) sixty five per cent. (65%) of the annual bonus (if any) paid or to be paid to that Director in respect of the financial year immediately preceding the financial year in which notice of termination was given to the Director, less any sums paid to the Director by way of notice or payment in lieu of notice.

Termination payments made to Directors on loss of office that are not provided for within their service contracts are only made if the Committee considers them appropriate, has recommended them to the Board and the Board has given its approval.

A bonus payment will not normally be made to a Director under notice, although there may be circumstances where one or more clear, specific and determinable KPIs has been achieved which justify a limited bonus payment.

### Introduction of the Founder Share Plan ('FSP')

The Company has adopted an incentive arrangement for the founders of the Company, designed to incentivise participants to deliver exceptional returns for shareholders over a five-year period. Under the FSP, participants are eligible to receive 15% of the growth in returns of the Company from 16 March 2021 (being the date on which Paul McDade and Ian Cloke were appointed to the Board), should a hurdle of doubling of the total shareholder return be met. For further capital raises that occur during the performance period, additional tranches under the FSP will be created with their own threshold values, which will be calculated with reference to the growth rates required for the initial award, as well as the time remaining to each of the measurement dates. Additional tranches will follow the same timetable as the initial awards (i.e. performance will be measured on the same dates).

Not more than 10% of the Company's issued ordinary share capital may be issued under the FSP and no more than 15% of the Company's issued share capital may be issued in aggregate under the FSP, LTIP and any other share plan of the Company.

Value delivered will be determined by stretching performance conditions as set out in the table below. A share price of £0.15 (being the share price at which new investors acquired their interest in the Company) will be used to measure the level of return at each measurement date. Testing of the level of return achieved will be at the end of years three, four and five from the 16 March 2021. At each measurement date the value of the award will be driven by the return generated above the initial price of £0.15, being the threshold value.



Measurement Date	Threshold Total Shareholder Return	Measurement Total Shareholder Return
<b>First Measurement Date</b> 16 March 2024	25.99% compound annual growth from the initial price of £0.15 as at the First Measurement Date.	Average of the market value for the Company's shares for the 30-day period ending on the First Measurement Date plus the dividends paid per share from 16 March 2021 to the First Measurement Date.
<b>Second Measurement Date</b> 16 March 2025	The higher of: <ul style="list-style-type: none"> <li>• 18.92% compound annual growth from the initial price of £0.15 as at the Second Measurement Date; and</li> <li>• the highest previous measurement total shareholder return which resulted in Conversion.</li> </ul>	Average of the market value for the Company's shares for the 30-day period ending on the Second Measurement Date plus the dividends paid per share from 16 March 2021 to the Second Measurement Date.
<b>Third Measurement Date</b> 16 March 2026	The higher of: <ul style="list-style-type: none"> <li>• 14.87% compound annual growth from the initial price of £0.15 as at the Third Measurement Date; and</li> <li>• the highest previous measurement total shareholder return which resulted in Conversion.</li> </ul>	Average of the market value for the Company's shares for the 30-day period ending on the Third Measurement Date plus the dividends paid per share from 16 March 2021 to the Third Measurement Date.

If at the Measurement Dates in years three and/or four the threshold value has been reached, then nil cost options will be awarded of which half will vest and can be exercised immediately. The remaining half will be deferred until the Measurement Date at year five. All nil cost options awarded in respect of the Measurement Date at year five will vest immediately.

Awards of all nil cost options will be made after approval by the Remuneration Committee taking into account the overall performance of the Company during the performance period. Malus and clawback provisions apply.

### FSP Awards

The following awards were made under the FSP, conditional upon, and with formal grant to occur on, completion of a material acquisition. These are expressed in each case as a percentage of the nil cost options to be awarded to the Executive team in aggregate in the event that the threshold conditions for the award of nil cost options is met. These awards are conditional upon the completion of a material acquisition:

Founder	% Entitlement of Total Allocation
Paul McDade	41.5%
Ian Cloke	31.0%
Anastasia Deulina	27.5%

### The Long-Term Incentive Plan ('LTIP')

In addition to the FSP, a market standard LTIP has been adopted, initially to be used for below Board employees. The terms of the LTIP are set out in the Policy table above.

## Remuneration Committee Report (cont.)

### Annual Report on Remuneration

#### Remuneration of Directors for the year ended 31 December 2022

The table below reports single figure remuneration of the Directors received in 2022 and the prior year.

2022 Remuneration	Fees and basic salary	Bonus <sup>1</sup>	Defined contribution pension <sup>2</sup>	Benefits in kind	Single figure remuneration Total 2022
	£	£	£	£	£
<b>Executive Directors:</b>					
Paul McDade	350,000	350,000	35,000	9,999	744,999
Ian Cloke	285,000	285,000	28,500	7,968	606,468
Anastasia Deulina	285,000	285,000	28,500	3,555	602,055
<b>Non-executive Directors:</b>					
Jeffrey MacDonald	96,000	-	-	-	96,000
Gavin Wilson	45,000	-	-	-	45,000
<b>Aggregate remuneration 2022 (£)</b>	<b>1,061,000</b>	<b>920,000</b>	<b>92,000</b>	<b>21,522</b>	<b>2,094,522</b>
<b>Aggregate remuneration 2022 (US\$)</b>	<b>1,310,891</b>	<b>1,107,588</b>	<b>113,730</b>	<b>26,606</b>	<b>2,558,815</b>

2021 Remuneration	Fees and basic salary	Bonus	Defined contribution pension	Benefits in kind	Single figure remuneration Total 2021
	£	£	£	£	£
<b>Executive Directors:</b>					
Paul McDade (appointed 15 March 2021)	291,667	-	29,167	7,775	328,609
Ian Cloke (appointed 15 March 2021)	237,500	-	23,750	6,001	267,251
Anastasia Deulina (appointed 4 May 2021)	244,000	-	19,000	2,876	265,876
Tony Hawkins (resigned 15 March 2021)	130,836	-	5,625	858	137,319
<b>Non-executive Directors:</b>					
Jeffrey MacDonald (appointed 30 March 2021)	72,738	-	-	-	72,738
Gavin Wilson (appointed 30 March 2021)	33,750	-	-	-	33,750
Michael Kroupeev (resigned 30 March 2021)	52,800	-	-	-	52,800
Leo Koot (resigned 30 March 2021)	26,400	-	-	-	26,400
Ilya Belyaev (resigned 30 March 2021)	19,050	-	-	-	19,050
<b>Aggregate remuneration 2021 (£)</b>	<b>1,108,741</b>	<b>-</b>	<b>77,542</b>	<b>17,510</b>	<b>1,203,793</b>
<b>Aggregate remuneration 2021 (US\$)</b>	<b>1,526,585</b>	<b>-</b>	<b>106,666</b>	<b>24,087</b>	<b>1,657,338</b>

<sup>1</sup> Accrued in 2022, payment is contingent on the completion of the Sonangol acquisition.

<sup>2</sup> Defined pension contributions paid as cash.

### Annual Bonus Awards for 2021

The annual bonus KPIs for 2022 were based on a combination of the delivery of the Company's "buy and build" acquisition strategy and the effective management of the 2022 budget.

- **Progress on Buy and Build strategy** – The Company made significant progress on the buy and build strategy in 2022 signing an SPA for the Sonangol transaction in April 2022 and signing a further SPA in respect of the INA acquisition in July 2022. These deals are fully aligned with Afentra's strategy of delivering value accretive acquisitions that provide access to production assets that deliver material cashflow and have significant development upside. Whilst it had been hoped that both acquisitions would complete in 2022 this has been delayed into 1H 2023.
- **2022 budget** – The underlying 2022 G&A costs were delivered within 1% of budget agreed with the Board. This was considered an exceptional outcome given this was the first full year of operation for Afentra and the very significant amount of planned and unplanned work completed on both the Angola deals and other opportunities.

The Remuneration Committee has considered the progress made against the two KPI's set at the beginning of 2022 along with overall corporate progress at Afentra over the year. Given the significant progress made on the buy and build strategy by securing and signing SPA's on two acquisitions in Angola which will transform the Company when completed, this KPI is considered to be fully met subject to both deals completing. Cost management across the Company has been strong and, given that 2022 was the first full year of operation, meeting the overall G&A budget to within 1% of the target set was an excellent outcome. Given the overall performance of the team versus the targets that were set and the very significant progress the Company has made in 2022, the Executive Directors will receive the maximum annual bonus of 100% of salary. However, the Committee has decided that the bonus payment will not be made until completion of the Sonangol acquisition.

### Board Changes

No Board changes took place during 2022.

### Remuneration Policy for 2023

A summary of how the Committee intends to operate the Policy for 2023 is set out below.

There is no change to remuneration policy in 2023 and it is recommended that an increase of 5% of base salary is awarded to the Executive team. This increase is considered reasonable based on the salary revisions made for other employees, the external environment and in recognition of the fact that no increase was awarded to the Executive team in 2022. A summary of the revised salaries and how the Policy will be implemented is as follows:

<b>Base salary</b>	The Executive Directors received base salary increases of 5% from 1 January 2023 in line with the average workforce increase. As such, the current salaries for Paul McDade, Ian Cloke and Anastasia Deulina for 2023 are £367,500, £299,250 and £299,250 respectively.
<b>Pension</b>	10% of salary in line with the Remuneration Policy.
<b>Annual bonus</b>	Annual Bonus will continue to be capped at 100% of base salary. Performance metrics will be based on Business Development delivery (45%), Asset and ESG performance (45%) and G&A budget delivery (10%). Unless considered commercially sensitive, the targets and performance against these targets will be disclosed in the Remuneration report for the year ending 31 December 2023.
<b>FSP</b>	Awards have been made to the Executive team under the FSP, conditional upon completion of a material acquisition.
<b>Non-executive fees</b>	The non-executive Chairman and non-executive Director will receive fees for 2023 of £96,000 and £45,000 respectively. The structure and quantum of Non-Executive Director fees will be reviewed during 2023.

## Remuneration Committee Report (cont.)

### Statement of Directors interests (audited)

The current Directors' beneficial interests in the issued share capital of the Company are as follows:

Ordinary shares of 10p each	15 May 2023	31 December 2022	31 December 2021
<b>Executive Directors:</b>			
Paul McDade	3,088,192	3,088,192	2,267,000
Ian Cloke	2,128,009	2,128,009	1,920,555
Anastasia Deulina	1,048,072	1,048,072	954,141
<b>Non-executive Directors:</b>			
Gavin Wilson	2,981,666	2,981,666	2,681,666
Jeffrey MacDonald	-	-	-

Beneficial shareholdings include the shareholdings of a Director's spouse and infant children.

### Directors' and Officers' liability insurance

The Company has granted an indemnity to its Directors (including subsidiary undertakings) under which the Company will, to the maximum extent possible by law, indemnify them against all costs, charges, losses and liabilities incurred by them in the performance of their duties.

The Company provides limited Directors' and Officers' liability insurance, at a cost of approximately \$74.8k in 2022 (2021: \$59.9k).

### External directorships

None of the executive Directors receive fees in relation to directorships in other companies.

### Gavin Wilson

Chairman of the Remuneration Committee

15 May 2023



## Extractive Industries Transparency Initiative

In accordance with the Transparency Criteria as set out by the EITI, the following payments to Government bodies have been made during the year ended 31 December 2022:

	2022 \$000	2021 \$000
Somaliland - Odewayne <sup>1</sup>	75	75
	75	75

<sup>1</sup> Payments made by Genel Energy. Afentra (East Africa) Ltd fully carried for its share of cost.

# Directors' Report

The Directors present their Annual Report and Financial Statements on the affairs of the Company and its subsidiaries, together with the independent Auditors' Report for the year ended 31 December 2022

## Principal activity and business review

With Africa as its geographic focus, the principal activities of the Group and Company throughout the year were progressing the Angolan asset transactions, (including financing arrangements) and identifying further acquisition targets. The future strategy and prospects for the Group are reviewed in detail in the Chairman's Statement, Chief Executive Officer's Statement and the Strategic Report section of this report.

The Group operates through subsidiary undertakings as appropriate to the fiscal environment. Subsidiary undertakings of the Group are set out in Note 11 to the financial statements.

In 2022 the Group used several KPIs to assess the business performance against strategy including M&A led growth initiatives and acquisitions, managing the Group's financial exposure to its existing assets and controlling its G&A expenses.

In 2023 the future developments of the Group will be focused on the completion of the Sonangol acquisition and further M&A, as described in the Strategic report pages 18 - 55.

## Results and dividends

The Group loss for the financial year was \$9.1 million (2021: loss \$5.0 million). This leaves accumulated Group retained earnings of \$21.9 million (2021: retained earnings of \$31.0 million) to be carried forward. The Directors do not recommend the payment of a dividend (2021: \$nil).

## Directors Liabilities

Qualifying third-party indemnity provisions for the benefit of all the Directors were in force throughout the financial year and they remained in force as at the date of approval of the Annual Report as described in the Remuneration Committee report pages 65 - 72.

## Going concern

The Group business activities, together with the factors likely to affect its future development, performance and position are set out in the Asset summary on pages 32 - 37. The financial

position of the Group and Company, its cash flows and liquidity position are described in the Financial Review on pages 54 and 55. In addition, Note 19 to the financial statements includes the Group's objectives, policies and processes for managing its capital financial risk: details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group has sufficient cash resources for its working capital needs and its committed capital expenditure programme at least for the next 12 months. Consequently, the Directors believe that both the Group and Company are well placed to manage their business risks successfully.

The Directors have at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This assessment has been made by the Directors who remain confident the Group has sufficient cash resources at the date of signing the annual report to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements, notwithstanding the impact of the situation in Ukraine and the impact to commodity prices and foreign exchange rates. With respect to the completion of the INA Angolan asset acquisition (refer to subsequent events Note 21) and the anticipated completion of the Sonangol asset acquisition (post signing of the accounts), the Directors believe that the Group is in a strong position, due to significant liquid resources being available, resulting from a combination of on balance sheet cash reserves, a conventional RBL arrangement, and a revolving working capital facility, in place with Trafigura and Mauritius Commercial Bank (refer to the Financial Review). The Board has also looked at scenario's associated with additional acquisitions and believe that liquidity is sufficient through existing and further debt funding arrangements to pursue further opportunities and cover all financial covenants. Thus the Board believes its appropriate to continue to adopt the going concern basis of accounting in preparation of the financial statements..

## Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in Note 15 to the financial statements. The Company has one class of ordinary share, which carries no right to fixed income. Each share carries the right to one vote

at general meetings of the Company. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

### Directors

The Directors who served during the year were as follows:

- Mr. Paul McDade
- Mr. Ian Cloke
- Ms. Anastasia Deulina
- Mr. Jeffrey MacDonald
- Mr. Gavin Wilson

Biographical details of the current serving Directors can be found in the Board of Directors section of this report on page 58.

### Directors and election rotation

With regard to the appointment and re-election of the Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The powers of Directors are described within this report.

### Significant shareholdings

Except for the holdings of ordinary shares listed below, the Company has not been notified by or become aware of any persons holding 3% or more of the 220,053,520 issued ordinary shares of 10 pence each of the Company at 15 May 2023:

	Number	%
Askar Alshinbayev	26,315,423	11.96
YF Finance Limited	21,789,361	9.90
Denis O'Brien	15,750,000	7.16
Kite Lake Capital Management (UK) LLP	13,500,000	6.13
Athos Capital Limited	6,887,073	3.13

### Business risk

A summary of the principle and general business risks can be found within the Strategic Report on pages 46 - 51.

### Financial instruments

Information about the use of financial instruments, the Group's policy and objectives for financial risk management is given in Note 19 to the financial statements.

### Subsequent events

Details of the subsequent events given in Note 21 to the financial statements.

### Auditors

Each of the persons who are a Director at the date of approval of this Report and Financial Statements confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

BDO LLP has expressed its willingness to continue in office as Auditors and a resolution to appoint BDO will be proposed at the forthcoming Annual General Meeting to be held on 20 June 2023.

**Paul McDade**  
Chief Executive Officer

15 May 2023

## Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group and Company Financial Statements in accordance with UK adopted International Accounting Standards. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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

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

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





#### **Website publication**

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

#### **Disclosure of audit information**

In the case of each person who is a Director of the Company at the date when this report is approved:

- So far as they are individually aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

For and on behalf of the Board

**Paul McDade**  
Chief Executive Officer

**Anastasia Deulina**  
Chief Financial Officer

15 May 2023

15 May 2023

# Group Accounts

Year ended 31 December 2022





# Independent Auditor's Report

## to the members of Afentra Plc

### Opinion on the Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company Financial Statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Afentra Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity, the company statement of cash flows and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

### Basis for opinion

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

### Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Verifying the opening cash position used in the cash flow forecast.
- Reviewing and recalculating forecast covenants included in the RBL facility.
- Obtaining and assessing the reasonableness of the Group and Parent Company's base case cash flow forecasts and underlying assumptions which have been approved by the Board by reviewing historic forecasts against actuals in order to assess the ability of Management to forecast accurately.
- Reviewing licence agreements to check that committed expenditure is appropriately included in forecasts.



- Comparing the level of committed exploration and investment spend per the Group's and Parent Company's contractual arrangements to the level of such expenditure included in the going concern model.
- Reviewing stress test scenarios including scenarios relating to future acquisitions, increase in capital and operating expenditure, and reduced commodity prices.
- Reviewing and considering the adequacy of disclosures in the Financial Statements relating to the Directors' assessment of the going concern basis of preparation in order to conclude whether the disclosure reflects our understanding of the business and evidence obtained during the course of the audit.

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

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

## Overview

Coverage	100% (2021: 100%) of Group total assets and loss before tax		
Key audit matters		2022	2021
	Carrying value of exploration and evaluation assets	Yes	Yes
	Carrying value of investments in subsidiaries in the Parent Company Accounts	Yes	No
Materiality	Group Financial Statements as a whole		
	• \$790k (2021: \$900k) based on 1.5% (2021: 1.5%) of total assets		

## An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the Financial Statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our Group audit scope focused on the Group's principal operating entities, Afentra plc and Afentra Northwest Africa Holdings Limited. We have identified both entities as significant components for the purposes of our Financial Statement audit, based on their relative share of total assets. Full scope audits were performed on these significant components.

The remaining components of the Group were considered non-significant and these components were principally subject to analytical review procedures, together with additional substantive testing over the risk areas detailed above where applicable to that component.

All audit work (full scope audit or review work) was conducted by BDO LLP.

# Independent Auditor's Report (cont.)

to the members of Afentra Plc

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Carrying value of exploration and evaluation asset

The Group's exploration and evaluation asset ('E&E asset') per Note 9 of the Financial Statements represents a significant asset on the consolidated statement of financial position.

See Note 1f and Note 2 for details of the accounting policy, critical accounting estimate, and judgements relating to this key audit matter.

The Group holds a 34% interest in the Odewayne Block, fully carried by Genel Energy Somaliland Limited ('Genel') for its share of the costs of all exploration activities during the Third and Fourth Periods of the production sharing agreement.

Management performed an impairment indicator review in accordance with accounting standards to assess whether there were any indicators of impairment for the exploration asset and whether a full impairment assessment was required. Following this assessment, Management concluded that there were no impairment indicators.

Given the materiality of the E&E asset in the context of the Group's statement of financial position and the significant judgement involved in making the impairment assessment, we have considered this to be a key audit matter.

### How the scope of our audit addressed the key audit matter

#### Our specific audit testing in regard to this included:

- Reviewed Management's impairment indicator assessment and considered whether there are any indicators of impairment in line with criteria set out under the accounting standards including, results of recent exploration work performed in the year, future planned expenditure as well as publicly available information;
- Obtained and reviewed the oil and gas licenses and checked that the Group still has legal title;
- Reviewed the audited Financial Statements of the joint venture partner to identify if there were adverse information or impairment relating to Odewayne. We additionally reviewed public information relating to the joint venture partner's outlook for exploration activities in Somaliland.
- Reviewed and considered Management's position on whether there is an intention to develop the asset and whether it remains commercially viable;
- Reviewed the FY 23 budget and work programmes to confirm the Group's intention to continue to fund exploration activity on the Odewayne block; and
- Reviewed Financial Statements disclosures to confirm that disclosures are in line with the accounting standards.

#### Key observations

Based on the procedures performed, we found the judgements made by Management regarding its impairment indicator review of the Group's E&E asset to be reasonable.

### Carrying value of investments in subsidiaries in the Parent Company Accounts

See Note 1j and Note 2 for details of the accounting policy, critical accounting estimate, and judgements relating to this key audit matter. Details of the parent Company's investments in subsidiaries are provided in Note 11.

The recoverability of the investments in subsidiaries is intrinsically linked to the successful development of the underlying exploration and evaluation asset as the main asset held in the subsidiaries' investments is that of the exploration license.

Management has performed an impairment indicator review in accordance with the accounting standards to assess whether they are indicators that the carrying value of its investments in subsidiaries may be higher than its recoverable amount.

Based on this assessment management has concluded that no impairment indicators exist and that no impairment of the investments is required.

The material value of the investments in subsidiary companies and the significant judgement involved in determining impairment indicators makes this a key area of focus for our audit, and we have considered this to be a key audit matter.

#### How the scope of our audit addressed the key audit matter

Our specific audit testing in regard to this included:

- We have reviewed management's impairment indicator assessment for the investment in subsidiaries in accordance with the accounting standards and considered whether there were any indicators of impairment;
- Reviewed the estimates and assumptions used in management's impairment indicator assessment and checked for consistency with the assessment of the carrying value of the exploration asset and checked for any evidence that could indicate that the E&E asset would not be developed or could be sold for a value less than its carrying amount;
- Obtained and reviewed management's assessment of the projects and related results within each subsidiary, and their conclusions reached on whether the projects are considered to be successful or unsuccessful. This included consideration of technical data, the award of the necessary licences, the ability to raise finance to develop the projects and the ability to sell the project; and
- We have reviewed minutes of meetings and press releases to corroborate management's assessment of the status of each project.

#### Key observations

Based on the procedures performed, we found the judgement and estimates made by management in their impairment indicator review of the investments held in subsidiaries are reasonable.

## Independent Auditor's Report (cont.)

to the members of Afentra Plc

### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the Financial Statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole and performance materiality as follows:

	Group Financial Statements		Parent Company Financial Statements	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Materiality</b>	790	900	592	675
<b>Basis for determining materiality</b>	1.5% total assets		75% of Group	
<b>Rationale for the benchmark applied</b>	<p>We consider total assets to be the most significant determinant of the Group's financial performance on the basis that the Group's principal activity is the development of oil and gas exploration assets.</p> <p>We consider total assets to be one of the principal considerations for users of the Financial Statements.</p>		We considered aggregation risk within the Group and therefore set the materiality at 75% of the Group's level.	
<b>Performance materiality</b>	592	675	444	506
<b>Basis for determining performance materiality</b>	75% of the above materiality level.			
<b>Rationale for the percentage applied for performance materiality</b>	In reaching our conclusion on the level of performance materiality to be applied we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.			

### Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of 75% (2021:75%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality for the significant components was \$592k (2021: \$675k). In the audit of each component, we further applied performance materiality levels of 75% (2021:75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of \$15k (2021: \$18k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.



## Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<b>Strategic report and Directors' report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"><li>the information given in the Strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and</li><li>the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li></ul> <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<b>Matters on which we are required to report by exception</b>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"><li>adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li><li>the Parent Company Financial Statements are not in agreement with the accounting records and returns; or</li><li>certain disclosures of Directors' remuneration specified by law are not made; or</li><li>we have not received all the information and explanations we require for our audit.</li></ul>

## Responsibilities of Directors

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

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

## Independent Auditor's Report (cont.)

to the members of Afentra Plc

### Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

### Extent to which the audit was capable of detecting irregularities, including fraud

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

- Discussing with management and the Audit committee to understand the laws and regulations relevant to the Group and its components. We considered the significant laws and regulations to be the elements of the financial reporting network, the Companies Act 2006, tax legislation and AIM listing rules.
- Reviewing minutes of meetings of those charged with governance, RNS announcements and holding discussions with management and the audit committee regarding their knowledge of any known or suspected instances of fraud; and
- Discussing amongst the engagement team as to how and where fraud might occur in the Financial Statements.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls via posting inappropriate journal entries and management bias with respect to significant accounting estimates and judgements.

Our procedures in respect of the above included:

- Testing appropriateness of journal entries made throughout the year which met specific risk-based criteria to supporting documentation;
- Assessing the judgements made by management when making key accounting estimates and judgements, and challenging management on the appropriateness of these judgements, specifically around key audit matters as noted above; and
- Performing a detailed review of the Group's year end adjusting entries and investigating any that appear unusual as to nature or amount to supporting documentation.

Our audit procedures were designed to respond to risks of material misstatement in the Financial Statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Matt Crane (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor,  
55 Baker Street, Marylebone, London W1U 7EU

15 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	Note	31 December 2022 \$000	31 December 2021 \$000
Other administrative expenses		(5,484)	(2,249)
Pre-licence costs		(3,491)	(2,734)
<b>Total administrative expenses</b>		<b>(8,975)</b>	<b>(4,983)</b>
<b>Loss from operations</b>	4	<b>(8,975)</b>	<b>(4,983)</b>
Finance income	6	86	36
Finance expense	6	(197)	(45)
<b>Loss before tax</b>		<b>(9,086)</b>	<b>(4,992)</b>
Tax	7	-	-
<b>Loss for the year attributable to the owners of the parent</b>		<b>(9,086)</b>	<b>(4,992)</b>
<b>Other comprehensive expense - items to be reclassified to the income statement in subsequent periods</b>			
Currency translation adjustments		-	(5)
Total other comprehensive expense for the year		-	(5)
<b>Total comprehensive expense for the year attributable to the owners of the parent</b>		<b>(9,086)</b>	<b>(4,997)</b>
<b>Basic and diluted loss per share (US cents)</b>	8	<b>(4.1)</b>	<b>(2.3)</b>



# Consolidated Statement of Financial Position

Year ended 31 December 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
<b>Non-current assets</b>			
Exploration and evaluation assets	9	21,324	21,289
Property, plant and equipment	10	540	725
		<b>21,864</b>	22,014
<b>Current assets</b>			
Trade and other receivables	12	419	288
Cash and cash equivalents	13	20,384	37,727
Restricted Funds	14	10,200	-
		<b>31,003</b>	38,015
<b>Total assets</b>		<b>52,867</b>	60,029
<b>Equity</b>			
Share capital	15/16	28,143	28,143
Currency translation reserve	16	(202)	(202)
Retained earnings	16	21,867	30,953
<b>Total equity</b>		<b>49,808</b>	58,894
<b>Current liabilities</b>			
Trade and other payables	17	2,689	518
Lease liability	18	210	234
		<b>2,899</b>	752
<b>Non-current liabilities</b>			
Lease liability	18	127	347
Provision		33	36
		<b>160</b>	383
<b>Total liabilities</b>		<b>3,059</b>	1,135
<b>Total equity and liabilities</b>		<b>52,867</b>	60,029

The financial statements of Afentra plc, registered number 1757721, were approved by the Board of Directors and authorised for issue on 15 May 2023.

Signed on behalf of the Board of Directors

**Paul McDade**  
Chief Executive Officer

15 May 2023

## Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Share capital	Currency translation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
At 1 January 2021	28,143	(197)	35,945	63,891
Loss for the year	-	-	(4,992)	(4,992)
Currency translation adjustments	-	(5)	-	(5)
Total comprehensive expense for the year attributable to the owners of the parent	-	(5)	(4,992)	(4,997)
At 31 December 2021	28,143	(202)	30,953	58,894
Loss for the year	-	-	(9,086)	(9,086)
Currency translation adjustments	-	-	-	-
Total comprehensive expense for the year attributable to the owners of the parent	-	-	(9,086)	(9,086)
<b>At 31 December 2022</b>	<b>28,143</b>	<b>(202)</b>	<b>21,867</b>	<b>49,808</b>

# Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 \$000	2021 \$000
<b>Operating activities</b>			
Loss before tax		(9,086)	(4,992)
Depreciation, depletion and amortisation	10	244	241
Finance income and gains		(86)	(13)
Finance expense and losses		197	45
Operating cash flow prior to working capital movements		(8,731)	(4,719)
Increase in trade and other receivables		(131)	(95)
Increase in trade and other payables		2,170	309
(Decrease)/Increase in provision		(3)	2
<b>Net cash flow used in operating activities</b>		<b>(6,695)</b>	<b>(4,503)</b>
<b>Investing activities</b>			
Interest received	6	86	13
Purchase of property, plant and equipment	10	(127)	(127)
Exploration and evaluation costs	9	(35)	(80)
Increase in restricted funds	14	(10,200)	-
<b>Net cash used in investing activities</b>		<b>(10,276)</b>	<b>(194)</b>
<b>Financing activities</b>			
Principal paid on lease liability		(204)	(234)
Interest paid on lease liability		(21)	(39)
<b>Net cash used in financing activities</b>		<b>(225)</b>	<b>(273)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(17,196)</b>	<b>(4,970)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>37,727</b>	<b>42,674</b>
Effect of foreign exchange rate changes		(147)	23
<b>Cash and cash equivalents at end of year</b>	13	<b>20,384</b>	<b>37,727</b>

# Company Statement of Financial Position

Year ended 31 December 2022

	Note	31 December 2022 \$000	31 December 2021 \$000
<b>Non-current assets</b>			
Investments	11	20,140	20,140
Trade and other receivables	12	21,177	24,829
		<b>41,317</b>	44,969
<b>Current assets</b>			
Trade and other receivables	12	4,426	91
Cash and cash equivalents	13	20,380	37,725
Restricted Funds	14	8,000	-
		<b>32,806</b>	37,816
<b>Total assets</b>		<b>74,123</b>	82,785
<b>Equity</b>			
Share capital	15/16	28,143	28,143
Retained earnings	16	17,951	21,580
<b>Total equity</b>		<b>46,094</b>	49,723
<b>Current liabilities</b>			
Trade and other payables	17	28,029	33,062
		<b>28,029</b>	33,062
<b>Total liabilities</b>		<b>28,029</b>	33,062
<b>Total equity and liabilities</b>		<b>74,123</b>	82,785

The loss for the financial year within the Company accounts of Afentra plc was \$3.6 million (2021: \$2.8 million loss). As provided by s408 of the Companies Act 2006, no individual statement of comprehensive income and expense is provided in respect of the Company.

The financial statements of Afentra plc, registered number 1757721, were approved by the Board of Directors and authorised for issue on 15 May 2023.

Signed on behalf of the Board of Directors

**Paul McDade**

Chief Executive Officer

15 May 2023



## Company Statement of Changes in Equity

Year ended 31 December 2022

	Share capital	Retained earnings	Total
	\$000	\$000	\$000
At 1 January 2021	28,143	24,385	52,528
Total comprehensive income for the year	-	(2,805)	(2,805)
At 31 December 2021	28,143	21,580	49,723
Total comprehensive expense for the year	-	(3,629)	(3,629)
<b>At 31 December 2022</b>	<b>28,143</b>	<b>17,951</b>	<b>46,094</b>

# Company Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 \$000	2021 \$000
<b>Operating activities</b>			
Loss before tax		(3,629)	(2,805)
Finance income and gains		(86)	(13)
Finance expense		179	-
Operating cash flow prior to working capital movements		(3,536)	(2,818)
Increase in trade and other receivables		(683)	(2,283)
(Decrease)/increase in trade and other payables		(5,033)	141
<b>Net cash flow used in operating activities</b>		<b>(9,252)</b>	<b>(4,960)</b>
<b>Investing activities</b>			
Interest received	6	86	13
Increase in restricted funds	14	(8,000)	-
<b>Net cash generated from investing activities</b>		<b>(7,914)</b>	<b>13</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(17,166)</b>	<b>(4,947)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>37,725</b>	<b>42,672</b>
Effect of foreign exchange rate changes		(179)	-
<b>Cash and cash equivalents at end of year</b>	13	<b>20,380</b>	<b>37,725</b>

# Notes to the Financial Statements

Year ended 31 December 2022

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a) General information

Afentra plc is a public company limited by shares, incorporated in the United Kingdom under the UK Companies Act 2006. The address of the registered office is High Holborn House, 52-54 High Holborn, London WC1V 6RL. The Company and the Group are engaged in the exploration, development and production of commercial oil and gas.

These financial statements are presented in US dollars as this is the currency in which the majority of the Group's Cash and cash equivalents, revenues and expenditure are transacted. The functional currency of the Company is US dollars.

### b) Basis of accounting and adoption of new and revised standards

The Group and Company financial statements have been prepared in accordance with UK adopted International Accountings Standards, except that the Company financial statements do not include a Statement of Comprehensive Income as permitted by s408 of the Companies Act 2006. They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under UK adopted International Accountings Standards.

#### (i) New and amended standards adopted by the Group:

No standards adopted this year had a material effect.

#### (ii) Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard	Description	Effective date	Status
IFRS 17	Insurance Contracts	1 January 2023	TBC
IAS 1	Amendments – Disclosure of Accounting Policies	1 January 2023	TBC
IAS 8	Amendments – Definition of Accounting Estimates	1 January 2023	TBC
IAS 12	Amendment - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	TBC
IAS 1	Amendment – Presentation of Financial statements (Amendment - Non-current Liabilities with Covenants)	1 January 2024	TBC
IAS 16	Amendment – Leases (Amendment -Liability in a Sale and Leaseback)	1 January 2024	TBC

### c) Going concern

The Group business activities, together with the factors likely to affect its future development, performance and position are set out in the Asset summary on pages 32 - 37. The financial position of the Group and Company, its cash flows and liquidity position are described in the Financial Review on pages 54 and 55. In addition, Note 19 to the financial statements includes the Group's objectives, policies and processes for managing its capital financial risk: details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group has sufficient cash resources for its working capital needs and its committed capital expenditure programme at least for the next 12 months. Consequently, the Directors believe that both the Group and Company are well placed to manage their business risks successfully.

## Notes to the Financial Statements (cont.)

Year ended 31 December 2022

The Directors have at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This assessment has been made by the Directors who remain confident the Group has sufficient cash resources at the date of signing the annual report to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements, notwithstanding the impact of the situation in Ukraine and the impact to commodity prices and foreign exchange rates. With respect to the completion of the INA Angolan asset acquisition (refer to subsequent events Note 21) and the anticipated completion of the Sonangol asset acquisition (post signing of the accounts), the Directors believe that the Group is in a strong position, due to significant liquid resources being available, resulting from a combination of on balance sheet cash reserves, a conventional RBL arrangement, and a revolving working capital facility, in place with Trafigura and Mauritius Commercial Bank (refer to the Financial Review). The board has also looked at scenario's associated with additional acquisitions and believe that liquidity is sufficient through existing and further debt funding arrangements to pursue further opportunities and cover all financial covenants. Thus the Board believes its appropriate to continue to adopt the going concern basis of accounting in preparation of the financial statements.

### d) Basis of consolidation

#### (i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is recognised where an investor is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect these returns through its power over the investee.

The results of subsidiaries acquired, or disposed of, during the year are included in the Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

#### (ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

A separate Statement of Comprehensive Income and expense for the Parent Company has not been published in accordance with section 408 of the Companies Act 2006.

### e) Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries. The Group classifies its interest in joint arrangements as joint operations as the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- the structure of the joint arrangement;
- the contractual terms of the joint arrangement; and
- any other facts and circumstances.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Odewayne PSA is classified as a joint arrangement within the Group (see Note 9).

#### **f) Oil and gas interests**

##### **Exploration and evaluation ('E&E') assets**

###### *Capitalisation*

Pre-acquisition costs on oil and gas assets are recognised in the profit or loss when incurred. Costs incurred after rights to explore have been obtained, such as geological and geophysical surveys, drilling and commercial appraisal costs, and other directly attributable costs of exploration and appraisal including technical and administrative costs, are capitalised as intangible E&E assets. The assessment of what constitutes an individual E&E asset is based on technical criteria but essentially either a single licence area or contiguous licence areas with consistent geological features are designated as individual E&E assets. Costs relating to the exploration and evaluation of oil and gas interests are carried forward until the existence, or otherwise, of commercial reserves have been determined.

E&E costs are not amortised prior to the conclusion of appraisal activities. Once active exploration is completed the asset is assessed for impairment. If commercial reserves are discovered then the carrying value of the E&E asset is reclassified as a development and production ('D&P') asset, following development sanction, but only after the carrying value is assessed for impairment and where appropriate its carrying value adjusted. If it subsequently assessed that commercial reserves have not been discovered, the E&E asset is written off to the profit or loss.

###### *Impairment*

In accordance with IFRS 6 E&E assets are reviewed for impairment when circumstances arise which indicate that the carrying value of an E&E asset exceeds the recoverable amount. The recoverable amount of the individual asset is determined as the higher of its fair value less costs to sell and value in use. Impairment losses resulting from an impairment review are recognised in the profit or loss within the Statement of Comprehensive Income. Any impairment loss is separately recognised within the Statement of Comprehensive Income.

Impaired assets are reviewed annually to determine whether any substantial change to their fair value amounts previously impaired would require reversal.

As previously recognised, impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depletion or amortisation) had no impairment loss been recognised in prior periods. Reversal of impairments and impairment charges are credited/ (charged) under total administration expenses within the Statement of Comprehensive Income.

Refer to Note 2 for detailed disclosure of the results of impairments and impairment reviews performed.

#### **g) Property, plant and equipment assets other than oil and gas assets**

Property, plant and equipment other than oil and gas assets are stated at cost, less accumulated depreciation, and any provision for impairment. Depreciation is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

- Office lease, straight-line over the lease term
- Computer and office equipment depreciation, 33% straight-line



## Notes to the Financial Statements (cont.)

Year ended 31 December 2022

### h) Foreign currencies

The US dollar is the functional and reporting currency of the Company and the reporting currency of the Group. Transactions denominated in other currencies are translated into US dollars at the rate of exchange ruling at the date of the transaction. Assets and liabilities in other currencies are translated into US dollars at the rate of exchange ruling at the reporting date. All exchange differences arising from such translations are dealt with in current year profit and loss.

The results of entities with a functional currency other than the US dollar are translated at the average rates of exchange during the period and their statement of financial position at the rates ruling at the reporting date. Exchange differences arising on translation of the opening net assets and on translation of the results of such entities are dealt with through the currency translation reserve.

### i) Taxation

#### Current tax

Tax is payable based upon taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible on other years and it further excludes items that are never taxable or deductible. Any Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in JV's, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### j) Investments (Company)

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. Investments in subsidiaries are assessed for impairment in line with the requirements of IAS 36 and where evidence of non-recoverability is identified an appropriate impairment is accounted for in the profit or loss.

#### **k) Leases**

In accordance with IFRS 16, at the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

#### **l) Financial instruments**

There are no other categories of financial instrument other than those listed below:

##### **Trade receivables and amounts due from subsidiaries**

Trade receivables are recognised and carried at the original invoice amount less any provision for impairment. Other receivables and amounts due from subsidiaries are recognised and measured at nominal value less any provision for impairment.

The Group and Company applies the expected credit loss model in respect of trade receivables and amounts due from subsidiaries. The Group and Company track changes in credit risk and recognise a loss allowance based on lifetime ECLs at each reporting date.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise demand deposits, and other short-term investments, with an original maturity of 3 month, are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Restricted cash**

Restricted cash amounts are fully cash collateralised and are only available on demand. Please see Note 14 for detailed disclosure.

The Group has the following financial liabilities; all are classified as held at amortised cost. The Group holds no other categories of financial liability.

##### **Trade payables**

Trade payables are stated at their amortised cost.

##### **Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

#### **m) Pension costs**

The Group operates a number of defined contribution pension schemes. The amount charged to the Statement of Comprehensive Income for these schemes is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

#### **n) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Board of Directors.

The operating results of each geographical segment are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and to assess their performance. Africa has exploration activities and the United Kingdom office is an administrative cost centre.

# Notes to the Financial Statements (cont.)

Year ended 31 December 2022

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Judgements

#### Company – Investment

If circumstances indicate that impairment may exist, investments in subsidiary undertakings of the Company are evaluated using market values, where available, or the discounted expected future cash flows of the investment. If these cash flows are lower than the Company's carrying value of the investment, an impairment charge is recorded in the Company. Where impairments have been booked against the underlying exploration assets, the investments in subsidiaries have been written down to reflect their recoverable value. Evaluation of impairments on such investments involves significant management judgement and may differ from actual results.

A full impairment review has not been performed in 2022 as management have not identified any indicators of impairment and thus no impairments were recognised during the year by the Company.

As at 31 December 2022, Company investments in subsidiaries totalled \$20.1 million (see Note 11), being underpinned by the Odewayne exploration block in Somaliland. After reviewing the feasibility of the asset detailed in the Asset summary on pages 32 - 37, management did not note any impairment indicators that would result in a full impairment review to be undertaken.

### Impairment of assets

Management is required to assess oil and gas assets for indicators of impairment and has considered the economic value of individual E&E assets. E&E assets are subject to a separate review for indicators of impairment, by reference to the impairment indicators set out in IFRS 6, which is inherently judgmental.

After reviewing the feasibility of the asset detailed in the Asset summary on pages 32 - 37 and considering the key factors including: the extension to the current period and further exploration work streams planned in 2023, management did not note any impairment indicators that would result in a full impairment review to be undertaken.

The Directors judgement was that a full impairment review wasn't required and thus no impairments were recognised during the year, by the Group.

### Estimates

#### Company – expected credit loss model prescribed by IFRS 9

IFRS 9 requires the Parent Company to make assumptions when implementing the forward-looking expected credit loss model. This model is required to be used to assess the intercompany loan receivables from Afentra (UK) Limited and Afentra (East Africa) Limited for impairment.

Arriving at the expected credit loss allowance involved considering different scenarios for the recovery of the intercompany loan receivables, the possible credit losses that could arise and the probabilities for these scenarios. The following was considered; the exploration project risk, country risk, the expected future oil prices, the value of the potential reserves, the ability to sell the project, and the ability to find a new farm-out partner.

The credit loss allowance was assessed at 31 December 2022. No movement in credit loss allowances for amounts owed from subsidiary undertakings occurred during the period.

#### *Discount rates – IFRS 16 leases*

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 31 December 2022. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor on the basis of external figures derived from the market.

### 3. OPERATING SEGMENTS

Africa operations in 2022 focused on exploration and appraisal activities in Somaliland. The UK corporate office is a technical and administrative cost centre focused on new ventures. The operating results of each segment are regularly reviewed by the Board of Directors in order to make decisions about the allocation of resources and to assess their performance.

The accounting policies of these segments are in line with those set out in Note 1.

The following tables present income, expense and certain asset and liability information regarding the Group's operating segments for the year ended 31 December 2022 and for the year ended 31 December 2021.

		Corporate		Africa		Total	
	Note	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Other administrative expenses		(5,484)	(2,249)	-	-	(5,484)	(2,249)
Pre-licence costs		(3,491)	(2,734)	-	-	(3,491)	(2,734)
<b>Loss from operations</b>		<b>(8,975)</b>	<b>(4,983)</b>	<b>-</b>	<b>-</b>	<b>(8,975)</b>	<b>(4,983)</b>
Finance income	6	86	36	-	-	86	36
Finance expense	6	(197)	(45)	-	-	(197)	(45)
<b>Segment loss before tax</b>		<b>(9,086)</b>	<b>(4,992)</b>	<b>-</b>	<b>-</b>	<b>(9,086)</b>	<b>(4,992)</b>
<b>Other segment information</b>							
Depreciation		244	241	-	-	244	241
<b>Segment assets and liabilities</b>							
Non-current assets <sup>1</sup>		540	725	21,324	21,289	21,864	22,014
Segment assets <sup>2</sup>		31,003	38,015	-	-	31,003	38,015
Total assets		31,543	38,740	21,324	21,289	52,867	60,029
Segment liabilities <sup>3</sup>		(3,051)	(1,121)	(8)	(14)	(3,059)	(1,135)

<sup>1</sup> Segment non-current assets of \$21.3 million in Somaliland (2021: \$21.3 million).

<sup>2</sup> Corporate segment assets include \$20.4 million cash and cash equivalents (2021: \$37.7 million) and \$10.2 million in restricted funds. Carrying amounts of segment assets.

<sup>3</sup> Carrying amounts of segment liabilities exclude intra-group financing.

# Notes to the Financial Statements (cont.)

Year ended 31 December 2022

## 4. LOSS FROM OPERATIONS

Loss from operations is stated after charging:

	Note	2022 \$000	2021 \$000
Staff costs	5	4,533	3,080
Exceptional (one off) cost - RTO process		2,642	-
Depreciation of Property, plant and equipment	10	244	241
<b>An analysis of auditor's remuneration is as follows:</b>			
Fees payable to the Group's auditors for the audit of the Group's annual accounts		63	62
Audit of the Company's subsidiaries pursuant to legislation		5	4
<b>Total audit fees</b>		<b>68</b>	<b>66</b>

## 5. EMPLOYEE INFORMATION

The average monthly number of employees of the Group and Company was as follows:

	Group		Company	
	2022	2021	2022	2021
Africa	-	-	-	-
Corporate	9	6	-	-
Non-executive	2	3	2	2
	<b>11</b>	<b>9</b>	<b>2</b>	<b>2</b>

Group and Company employee costs during the year amounted to:

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Wages and salaries	3,780	2,579	174	283
Social security costs	541	316	15	23
Other pension costs	212	185	-	-
	<b>4,533</b>	<b>3,080</b>	<b>189</b>	<b>306</b>

Key management personnel include Directors who have been paid \$2.6 million (2021: \$1.7 million). See Remuneration Committee Report (pages 65 - 72) and Note 20 for additional detail.

A portion of the Group's staff costs and associated overheads are expensed as pre-licence expenditure (\$3.1 million) or capitalised (\$32k). In 2022 this amounted to \$3.1 million (2021: \$2.4 million).



## 6. FINANCE INCOME AND FINANCE EXPENSE

	2022 \$000	2021 \$000
<b>Finance income:</b>		
Interest revenue on short-term deposits	86	13
Exchange differences	-	23
	<b>86</b>	<b>36</b>
<b>Finance expense:</b>		
Bank charges	22	6
Interest expense for leasing arrangement	21	39
Exchange differences	154	-
	<b>197</b>	<b>45</b>

## 7. TAXATION

The tax charge for the year is calculated by applying the applicable standard rate of tax as follows:

	2022 \$000	2021 \$000
Loss before tax	(9,086)	(4,992)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2021: 19%)	(1,726)	(948)
<b>Effects of:</b>		
Deferred tax movement on provision not provided	-	-
Expenses not deductible for tax purposes	(13)	(36)
Capital allowances in excess of depreciation	(158)	(174)
Adjustment for tax losses	1,897	1,158
Tax charge for the year	-	-

### Deferred tax

At the reporting date the Group had an unrecognised deferred tax asset of \$32.6 million (2021: \$23.1 million) relating primarily to unused tax losses and unutilised capital allowances. No deferred tax asset has been recognised due to the uncertainty of future profit streams against which these losses could be utilised. At the reporting date the Company had an unrecognised deferred tax asset of \$23.5 million (2021: \$17.2 million) relating primarily to unused losses and unutilised capital allowances.

## Notes to the Financial Statements (cont.)

Year ended 31 December 2022

### 8. LOSS PER SHARE (BASIC AND DILUTED)

	2022 \$000	2021 \$000
Loss for the year	(9,086)	(4,992)
Weighted average number of ordinary shares in issue during the year	220,053,520	220,053,520
Dilutive effect of share options outstanding	-	-
Fully diluted average number of ordinary shares during the year	220,053,520	220,053,520
EPS (US cents)	(4.1)	(2.3)

### 9. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Group \$000
Net book value at 1 January 2021	21,209
Additions during the year	80
Net book value at 31 December 2021	21,289
Additions during the year	35
<b>Net book value at 31 December 2022</b>	<b>21,324</b>

Group intangible assets at the year end 2022:

Odewayne PSA, Somaliland: A(EA)L 34%, Genel Energy Somaliland Limited 50%, Petrosoma 16%. Classified as a joint arrangement in accordance with IFRS 11.

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	Office Lease \$000	Computer and office equipment \$000	Total \$000
<b>Cost</b>			
At 1 January 2021	1,208	152	1,360
Modification during the year	(5)	-	(5)
Additions during the year	-	127	127
At 31 December 2021	1,203	279	1,482
Modification during the year	(60)	(8)	(68)
Additions during the year	-	127	127
Disposals during the year	-	(49)	(49)
<b>At 31 December 2022</b>	<b>1,143</b>	<b>349</b>	<b>1,492</b>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2021	(377)	(139)	(516)
Charge for the year	(221)	(20)	(241)
At 31 December 2021	(598)	(159)	(757)
Charge for the year	(187)	(57)	(244)
Disposals during the year	-	49	49
<b>At 31 December 2022</b>	<b>(785)</b>	<b>(167)</b>	<b>(952)</b>
<b>Net book value at 31 December 2022</b>	<b>358</b>	<b>182</b>	<b>540</b>
Net book value at 31 December 2021	605	120	725
Net book value at 31 December 2020	831	13	844

The right of use asset (office lease) is depreciated on a straight-line basis over the lifetime of the lease contract. The current lease term is for 8 years, ending in 2024. See Note 1 for details (Leases) and Note 18 (Leases).

# Notes to the Financial Statements (cont.)

Year ended 31 December 2022

## 11. INVESTMENT IN SUBSIDIARIES

	Company \$000
<b>Cost</b>	
At 1 January 2021	20,140
At 31 December 2021	20,140
<b>At 31 December 2022</b>	<b>20,140</b>

See Note 2 (Company – Investment) for details on the impairment assessment methodology.

The subsidiary undertakings at 31 December 2022 are as follows (included on consolidation):

	Country of incorporation	Class of shares held	Type of ownership	Proportion of voting rights held 2022	Proportion of voting rights held 2021	Nature of business
Afentra (UK) Limited	United Kingdom <sup>4</sup>	Ordinary	Direct	100%	100%	Exploration for oil and gas
Afentra Overseas Limited	United Kingdom <sup>4</sup>	Ordinary	Direct	100%	100%	Investment holding company
Afentra (Angola) Ltd <sup>1</sup>	United Kingdom <sup>4</sup>	Ordinary	Direct	100%	n/a	Extraction of crude petroleum
Afentra Northwest Africa Holdings Limited	Jersey, CI <sup>5</sup>	Ordinary	Direct	100%	100%	Exploration for oil and gas
Afentra Holdings Limited <sup>2</sup>	Jersey, CI <sup>5</sup>	Ordinary	Indirect	100%	100%	Investment holding company
Afentra (East Africa) Limited <sup>3</sup>	Jersey, CI <sup>5</sup>	Ordinary	Indirect	100%	100%	Exploration for oil and gas

<sup>1</sup> Incorporated in April 2022

<sup>2</sup> Held directly by Afentra Northwest Africa Holdings Limited

<sup>3</sup> Held directly by Afentra Holdings Limited

<sup>4</sup> Registered address - 52-54 High Holborn, London, WC1V 6RL

<sup>5</sup> Registered address - 12 Castle Street, St Helier, Jersey, JE2 3RT

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current				
Trade receivables	81	86	-	-
Amounts owed from subsidiary undertakings	-	-	4,232	-
Other receivables	167	62	145	39
Prepayments and accrued income	171	140	49	52
	419	288	4,426	91
			Company	
Non-current			2022 \$000	2021 \$000
Amounts owed from subsidiary undertakings			21,177	24,829
			21,177	24,829

Trade and other receivables, not credit impaired, consist of current receivables that the Group views as recoverable in the short term.

Credit loss allowances for amounts owed from subsidiary undertakings amount to \$9.1 million.

The Directors consider that the carrying amount of trade and other receivables is a reliable estimate of their fair value.

Transactions between subsidiaries are non-interest bearing and repayable on demand.

See Note 1 for details (Financial instruments - Trade receivables).



## Notes to the Financial Statements (cont.)

Year ended 31 December 2022

### 13. CASH IN BANK AND SHORT-TERM DEPOSITS

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank available on demand	20,380	37,725	20,380	37,725
Cash on hand	4	2	-	-
	20,384	37,727	20,380	37,725

### 14. RESTRICTED FUNDS

During 2022 the Group had the following restricted funds:

A bank guarantee issued by Nedbank Limited to Sonangol in respect of a \$8.0 million cash deposit in respect of the Sonangol Acquisitions that would otherwise have been required to be paid shortly after the signing of the Sonangol Acquisition Agreement. This guarantee has been fully cash collateralised.

Funds placed into Escrow, held by Citibank, in respect of a \$2.2 million cash deposit in respect of the INA Acquisitions. This guarantee has been fully cash collateralised.

### 15. SHARE CAPITAL

	2022 \$000	2021 \$000
<b>Authorised, called up, allotted and fully paid</b>		
220,053,520 ordinary shares of 10p (2021: 220,053,520 ordinary shares of 10p)	28,143	28,143

### 16. RESERVES

Reserves within equity are as follows:

#### Share capital

Amounts subscribed for share capital at nominal value.

#### Currency translation reserve

The foreign currency translation reserve includes movements that relate to the retranslation of the subsidiaries whose functional currencies are not designated in US dollars.

#### Retained earnings

Cumulative net gains and losses recognised in the Statement of Comprehensive Income less any amounts reflected directly in other reserves.

## 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Current liabilities</b>				
Trade payables	478	256	287	48
Amounts owed to subsidiary undertakings	-	-	27,541	32,784
Accruals	2,211	262	201	230
	<b>2,689</b>	518	<b>28,029</b>	33,062

The Directors consider that the carrying amount of trade and other payables is a reliable estimate of their fair value. Transactions between subsidiaries are non-interest bearing and repayable on demand.

## 18. LEASES

The Group has a lease for the head office and classifies it as a right-of-use asset in a consistent manner to its property, plant and equipment (see Note 10).

On adoption of IFRS 16, the Company recognised lease liabilities in relation to the head office which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2022. The incremental borrowing rate applied to the lease liabilities on 1 January 2022 was 5%.

The depreciation charge in 2022 was \$187k (2021:\$221k) (see Note 10) with an interest expense in 2022 of \$21k (2021: \$39k) (see Note 6).

Cash outflow in 2022 was \$204k (2021: \$234k) (see cashflow statement on page 91).

Lease liabilities are presented in the statement of financial position as follows:

	2022 \$000	2021 \$000
Current	210	234
Non-current	127	347
	<b>337</b>	581

Extension options are included in the lease liability when it, based on the management's judgement, is reasonably certain that an extension will be exercised. As at 31 December 2022, the contractual maturities of the Company's lease liabilities are as follows:

	Within one year \$000	Between one to two years \$000	Over two years \$000	Total \$000	Interest \$000	Carrying amount \$000
<b>Group</b>						
Lease liability	210	151	-	361	(24)	337

# Notes to the Financial Statements (cont.)

Year ended 31 December 2022

## 19. FINANCIAL INSTRUMENTS

### Capital risk management and liquidity risk

The Group and Company is not subject to externally imposed capital requirements. The capital structure of the Group and Company consists of cash and cash equivalents held for working capital purposes and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity. The Group and Company uses cash flow models and budgets, which are regularly updated, to monitor liquidity risk.

### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each material class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements. Due to the short-term nature of these assets and liabilities such values approximate their fair values at 31 December 2022 and 31 December 2021.

Group	Carrying amount/Fair value	
	2022 \$000	2021 \$000
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	20,384	37,727
Restricted Funds	10,200	-
Trade and other receivables	248	148
<b>Total</b>	<b>30,832</b>	<b>37,875</b>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	2,689	518
<b>Total</b>	<b>2,689</b>	<b>518</b>

Company	Carrying amount/Fair value	
	2022 \$000	2021 \$000
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	20,380	37,725
Restricted Funds	8,000	-
Trade and other receivables	4,377	39
Non-current Trade and other receivables	21,177	24,829
<b>Total</b>	<b>53,934</b>	<b>62,593</b>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	28,029	33,062
<b>Total</b>	<b>28,029</b>	<b>33,062</b>

### Financial risk management objectives

The Group's and Company's objective and policy is to use financial instruments to manage the risk profile of its underlying operations. The Group continually monitors financial risk including oil and gas price risk, interest rate risk, equity price risk, currency translation risk and liquidity risk and takes appropriate measures to ensure such risks are managed in a controlled manner including, where appropriate, through the use of financial derivatives. The Group and Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Interest rate risk management

The Group and Company does not have any outstanding borrowings and thus, the Group and Company is only exposed to interest rate risk on its short-term cash deposits.

### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and assumes the amount of the balances at the reporting date were outstanding for the whole year.

A 100 basis point change represents management's estimate of a possible change in interest rates at the reporting date. If interest rates had been 100 basis points higher/lower and all other variables were held constant the Group's profits and equity would be impacted as follows:

	Increase		Decrease	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Cash and cash equivalents	204	377	(204)	(377)

## Notes to the Financial Statements (cont.)

Year ended 31 December 2022

### Foreign currency risk

The Company's functional currency is the US dollar, being the currency in which the majority of the Group's expenditure is transacted. Small elements of its management, services and treasury functions are held and transacted in Pounds Sterling. Such elements transacted in Pounds Sterling have been exchanged at; the average rate of \$1.2362/£1.00 (2021: \$1.3756/£1.00) or the year end spot rate of \$1.2039/£1.00 (2021: \$1.3477/£1.00), depending on its nature and timing. The Group does not enter into derivative transactions to manage its foreign currency. Foreign currency risk is immaterial to the Group and Company – see the following table:

### Financial assets

	Group		Company	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Cash and cash equivalents</b>				
Cash and cash equivalents held in US\$	20,094	36,793	20,091	36,791
Cash and cash equivalents held in GBP	290	934	289	934
	<b>20,384</b>	<b>37,727</b>	<b>20,380</b>	<b>37,725</b>

	Group		Company	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Trade and other receivables</b>				
Current trade and other receivables held in US\$	-	-	4,232	-
Current trade and other receivables held in GBP	248	148	-	39
Non-current trade and other receivables held in US\$	-	-	11,593	11,589
Non-current trade and other receivables held in GBP	-	-	9,729	13,240
	<b>248</b>	<b>148</b>	<b>25,554</b>	<b>24,868</b>

### Financial liabilities

	Group		Company	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Trade and other payables</b>				
Trade and other payables held in US\$	1,999	17	27,555	27,567
Trade and other payables held in GBP	690	501	474	5,495
	<b>2,689</b>	<b>518</b>	<b>28,029</b>	<b>33,062</b>



### Credit risk management

The Group has to manage its currency exposures and the credit risk associated with the credit quality of the financial institutions in which the Group maintains its cash resources. At the year end the Group held approximately 98.6% (2021: 97.5%) of its cash in US dollars. At the year end the Group held the majority of its balances with AA-/A Standard & Poor's or equivalent rated institutions. The Group continues to proactively monitor its treasury management to ensure an appropriate balance of the safety of funds and maximisation of yield.

Trade and other receivables are non-interest bearing. The Group does not hold any collateral as security and the Group does not hold any significant allowance in the impairment account for trade and other receivables as they relate to customers with no default history. There are no financial instruments held at fair value under the level 1, 2 and 3 hierarchy.

The Company is exposed to credit risk through amounts due from its subsidiary undertakings. Refer to Note 1 for details on the credit loss allowance made.

### Liquidity and interest rate tables

The following tables detail the remaining contractual maturity for the non-derivative financial assets and liabilities of the Group and Company. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows including rates for loan liabilities and cash deposits on actual contractual arrangements. The weighted average interest rate used in 2022 is nil % (2021: nil %).

	Less than six months \$000	Six months to one year \$000	One to six years \$000	Total \$000	Interest \$000	Principal \$000
<b>Group</b>						
<b>Trade and other payables (2022)</b>	<b>355</b>	-	-	<b>355</b>	-	-
Trade and other payables (2021)	149	-	-	149	-	-
<b>Company</b>						
<b>Trade and other payables (2022)</b>	<b>283</b>	<b>27,541</b>	-	<b>27,824</b>	-	-
Trade and other payables (2021)	43	32,784	-	32,827	-	-

## Notes to the Financial Statements (cont.)

Year ended 31 December 2022

### 20. RELATED PARTY TRANSACTIONS

Details of Directors' remuneration, which comprise key management personnel, are provided below:

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Short-term employee benefits	2,445	1,551	174	283
Defined contribution pension	114	107	-	-
	<b>2,559</b>	1,658	<b>174</b>	283

Further information on Directors' remuneration is detailed in the Remuneration Committee Report, on pages 65 - 72.

The Company's subsidiaries are listed in Note 11. The following table provides the balances which are outstanding with subsidiary undertakings at the balance sheet date:

	2022 \$000	2021 \$000
Amounts owed from subsidiary undertakings	<b>25,409</b>	24,829
Amounts owed to subsidiary undertakings	<b>(27,541)</b>	(32,784)
	<b>(2,132)</b>	(7,955)

The Group and Company has no other disclosed related party transactions.

## 21. SUBSEQUENT EVENTS

Subsequent to the Balance Sheet date of December 31st, the following business deliverables occurred:

- In January 2023, Afentra received approval from the Ministry of Mineral Resources, Oil and Gas for the acquisition of INA's 4% interests in Blocks 3/O5 and 3/O5A.
- In March 2023, Afentra extended the long-stop date from 31 March 2023 to 30 June 2023 in order to facilitate completion of the Sonangol transaction (completion expected in Q2 2023).
- On 14 April 2023, the Company and the other Block 3/O5A contractor group members received a letter from ANPG informing us that it had decided to terminate the interests of China Sonangol International ('CSI') in the Block 3/O5A production sharing agreement and it intended that CSI's interests in the block would revert to ANPG. If this decision is implemented, the Company will not acquire the additional 1.33% interest in Block 3/O5A attributable to the CSI interests that we would otherwise have acquired from INA. The contractor group members are currently seeking clarifications from ANPG on their decision.
- On 10 May 2023, Afentra announced completion of the INA acquisition (4% interests in Blocks 3/O5 and 3/O5A) to mark its formal entry into Angola, including the following completion settlement figures:
  - Net completion payment of \$17.0 million with Afentra inheriting crude oil stock of 207,868 bbls<sup>1</sup> that can be valued at \$16.6 million (based on \$80/bbl) on a pre-tax basis.
  - \$10 million set aside into an escrow deposit account held by Citibank, which will be paid to INA after the Block 3/O5 licence extension is formally completed.
  - Net upfront consideration and escrow deposit to be funded by \$18.9 million from the agreed RBL and working capital facilities and \$8.1 million from cash resources.
  - \$21.9 million in total debt drawn (RBL and working capital facilities), which includes \$2.9 million in financing costs.
  - The Company expects to sell its first cargo of crude oil in Q3 2023, thereby monetising the inherited crude oil stock and subsequent production.
  - Trafigura has transferred both the RBL and working capital facilities to Mauritius Commercial Bank who will now be the lender to the Company. Trafigura retains an interest in the RBL facility and will continue as offtake provider.
  - A charge placed on Afentra (Angola) Ltd shares to Mauritius Commercial Bank Limited as required by the terms of the debt facilities.
- Furthermore, in May, the Block 3/O5 JV partners agreed terms to extend the licence from 1 July 2025 to 31 December 2040. This includes improved fiscal terms that strengthen the economics of the permit. The process for formal administration of the licence extension has commenced and the Company awaits the conclusion of this process.

Given that the INA transaction has completed in close proximity to the approval of these financial statements, Management are in the process of evaluating both the accounting for this transaction and any required valuation of the underlying assets and liabilities acquired. Further disclosure will be provided in the 2023 interim financial statements.

## 22. COMMITMENTS

The Parent Company has provided Letters of Support to its subsidiaries Afentra (UK) Limited, Afentra (Angola) Limited, and Afentra Overseas Limited, confirming that it does not intend to recall intragroup loans should these companies not have the financial capability to settle them. The Parent Company will continue to support these companies in meeting its liabilities as they fall due, for a period of not less than 12 months from the date of signing of the respective companies' financial statements.

<sup>1</sup> Afentra share of stock-in-tank at completion

## Definitions and Glossary of Terms

\$	US dollars
2D	two dimensional
2C	Denotes best estimate of Contingent Resources
2P	Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves
AIM	AIM, a SME Growth market of the London Stock Exchange
AGM	Annual General Meeting
ALNG	The Angola LNG project
ANPG	Agência Nacional de Petróleo, Gás e Biocombustíveis (holder of the mining rights of Exploration, Development and Production of liquid and gaseous hydrocarbons in Angola)
Articles	the Articles of Association of the Company
Block 3/05	the contract area described in and covered by the Block 3/05 PSA
Block 3/05A	the contract area described in the Block 3/05A PSA
Block 23	the contract area described in and covered by the Block 23 PSA
Board	the Board of Directors of the Company
bbls	barrels of oil ('k-' / 'mm-' / 'bn-' for thousand / million / billion)
bbl/d	barrels of oil per day ('k-' / 'mm-' for thousand / million)
bwi/d	barrels water injection per day
CCRA	Climate Change Risk Assessment
Companies Act or Companies Act	the Companies Act 2006, as amended 2006
Company	Afentra plc
CPR	Competent Persons Report
Directors	the Directors of the Company
E&E	exploration and evaluation assets
E&P	exploration and production
EBITDAX (Adjusted)	earnings before interest, taxation, depreciation, depletion and amortisation, impairment, share-based payments, provisions, and pre-licence expenditure
EITI	Extractive Industries Transparency Initiative
ERCe	ERC Equipoise Limited (author of the Competent Person's Report)
Farm-in & farm-out	a transaction under which one party (farm-out party) transfers part of its interest to a contract to another party (farm-in party) in exchange for a consideration which may comprise the obligation to pay for some of the farm-out party costs relating to the contract and a cash sum for past costs incurred by the farm-out party
FID	Final investment decision
FSO	Floating storage and offloading
G&A	general and administrative
G&G	geological and geophysical
GBP	pounds sterling
Genel Energy	Genel Energy Somaliland Limited
Group	the Company and its subsidiary undertakings
HSSE	Health, Safety, Security and Environment
hydrocarbons	organic compounds of carbon and hydrogen
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
INA	INA-Indstrija Nafta d.d
IOCs	international oil company
JV	joint venture

JOA	joint operating agreement
k	thousands
km	kilometre(s)
km <sup>2</sup>	square kilometre(s)
KPIs	key performance indicators
lead	indication of a potential exploration prospect
London Stock Exchange or LSE	London Stock Exchange Plc
LTI	Lost time Injury
LTIP	Long-term incentive plan
M&A	mergers and acquisitions
m	metre(s)
NFA	No Further Activity - forecast without new capex invested
NOCs	national oil company
OECD	Organisation for Economic Cooperation and Development
Op.	Operator
Ordinary Shares	ordinary shares of 10 pence each
Petroleum	oil, gas, condensate and natural gas liquids
Petrosoma	Petrosoma Limited (JV partner in Somaliland)
Prospect	an area of exploration in which hydrocarbons have been predicted to exist in economic quantity. A group of prospects of a similar nature constitutes a play.
PSA	production sharing agreement
QCA Code	Corporate Governance Code for Small and Mid-Size Quoted Companies 2018
RBL	Reserve-Based Lending
Reserves	reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria; they must be discovered, recoverable, commercial and remaining based on the development projects applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status
RTO	reverse takeover (pursuant to Rule 14 of the AIM Rules)
SPA	Sale and Purchase Agreements
Seismic	data, obtained using a sound source and receiver, that is processed to provide a representation of a vertical cross-section through the subsurface layers
SOFR	Secured Overnight Financing Rate
Shares	10p ordinary shares
Shareholders	ordinary shareholders of 10p each in the Company
Subsidiary	a subsidiary undertaking as defined in the 2006 Act
Sonangol	Sonangol Pesquisa e Producao S.A.
Sonangol EP	Sociedade Nacional de Combustíveis de Angola, Empresa Pública
TCFD	Task force on Climate-related Financial Disclosure
Third and Fourth Period	Exploration terms: Third Period is to May 2025 with a work commitment of 500km 2D seismic acquisition; Fourth Period is to October 2026 with a work commitment of 1,000km 2D seismic acquisition and one exploration well
Trafigura	Trafigura Pte
TRIF	Total Recordable Incident Frequency
Working Interest or WI	a Company's equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms
ZRF	Zero Routine Flaring

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