Afentra
Sustainable change

Annual Report and Financial Statements 2021

Responsibly supporting the energy transition

for the benefit of all

www.afentraplc.com

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.

The Company currently has the **high potential onshore Odewayne exploration block** that is operated by Genel Energy, where its 34% interest is fully carried.

Afentra

Sustainable change

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Introduction

The Global Energy Transition will take time, with hydrocarbons being an essential part in the overall energy mix for years to come. It is therefore vitally important that the industry responsibly manages what has already been found, by demonstrating operational excellence and environmental stewardship through the transition, as assets change hands from divesting IOCs and NOCs to acquiring independents.

The socio-economic impact of the energy transition in Africa needs to be considered alongside the climate impact to deliver a just transition for the countries and people of Africa. Afentra was formed to deliver this balance and benefit all stakeholders in the process.

Highlights

Strategic

- Established a new Executive team and Board, introduced new institutional and high net worth shareholders.
- Rebranded Sterling Energy to Afentra ('**Af**rican **En**ergy **Tra**nsition') with a strategic imperative of capitalising on opportunities resulting from the accelerating energy transition on the African continent.
- Established key focus areas with a comprehensive strategy to capture production and development assets in Africa and create value for all stakeholders.
- Built a small, focused team with a history of identifying and acquiring high quality assets, to rapidly assess business development opportunities technically, operationally and commercially.
- Developed a robust Governance and ESG framework to support future growth ambitions.

Operations

- Submitted a non-binding Expression of Interest to Sonangol EP ('Sonangol') to purchase interests in Block 3/05 and Block 23 in Angola.
- The Company continued to support the Operator of the Odewayne block, Somaliland, in progressing the technical understanding of the block; and continued to review its technical assessment and outlook on block prospectivity.

Financial

Cash resources net to the Group at 31 December 2021

$37.7 million

(2020: $42.7 million)

Adjusted EBITDAX[1]: Loss for the Group

$2.0 million

(2020: $761k loss)

- The Group remains debt free and fully carried for Odewayne operations (Third and the Fourth Period).

Post year end

- In April, Afentra named preferred bidder to purchase interests in Block 3/05 and Block 23.
- Afentra progressing final due diligence ahead of finalising Sales and Purchase Agreement ('SPA') with Sonangol.

[1] defined within the definitions and glossary of terms on pages 98 and 99.

Overview

Year ended 31 December 2021

Effecting sustainable change

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.

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

These define our core beliefs that connect and resonate strongly with the personal values of the Afentra team and those that work alongside us:

Be respectful

Be transparent

Be inclusive

Be authentic

Values

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:

Inspire
Bring passion and energy to engage and inspire those around us

Collaborate
Openly share knowledge between teams and individuals

Enquire
Think creatively and constructively challenge the status quo

Innovate
Be courageous, ambitious, navigate risk, try, learn and improve

Approach

This defines our core operating philosophy and business approach and is heavily influenced by our principles and values:

Think long-term
Work towards the long-term sustainability of the business

Create solutions
Encourage innovation and seek out opportunity

Leverage learning
Diverse and inclusive approach that values each others ability and expertise

Focused and nimble
Stay agile, lean and non-hierachical

Impact

Afentra's positive impact will be driven by these principles, values and approach:

One team
Dynamic, committed and responsible

Positive difference
Changing things for the better, leaving a positive legacy

Enduring value
Delivering enduring value for all investors and stakeholders

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.

Afentra
Sustainable change

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.

Stakeholder objectives

International Oil Companies

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

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

Afentra's leadership has the skill-set and track record to deliver shareholder value

Dear Shareholders

My first year as Chair of Afentra has been a period in which we have seen significant changes in the industry landscape, and a period where we have taken large strides to progress the strategic objectives outlined when the company was first launched in May 2021.

"Afentra was set up with a clear objective; to capitalise on opportunities presented by the energy transition on the African continent and in doing so support a responsible transfer of asset ownership that provides beneficial outcomes for all stakeholders."

Starting with the industry macro backdrop, as the impact of Covid abated during the second half of the year, and economies were able to re-open, we observed a commensurate rebound in global economic activity. In turn this has created a surge in global demand for oil and gas, returning to and exceeding pre-pandemic levels and leading to a considerable improvement in the commodity price environment and overall confidence in the market. The easing of travel restrictions has also enabled a better environment for deal-making as counter-parties are able to meet in person which always supports a better interaction and process for negotiating and completing deals.

The recent shocking events in Ukraine have added further upward pressure on energy prices as Russian crude is taken offline and shunned by large swathes of the Western world and its allies. Furthermore, the geopolitical uncertainty engendered by the crisis has created major volatility in energy prices. This increase and volatility in commodity prices is, however, a double edged sword. Whilst the macro factors have resulted in increased interest in the sector from the investment community it has also emphasised the importance of continued investment to secure the required supply to stabilise commodity prices as we progress through the energy transition. The price volatility has also the potential to make the difference in seller and buyers price expectations more difficult to bridge. During this time, Afentra will continue to place high importance on taking a disciplined approach to business development as we screen our opportunity pipeline to ensure we deliver long-term value for our shareholders.

Afentra was set up with a clear objective; to capitalise on opportunities presented by the energy transition on the African continent and in doing so support a responsible transfer of asset ownership that provides beneficial outcomes for all stakeholders. This current macro environment continues to provide an attractive, opportunity-rich landscape for ambitious independents like Afentra.

In the past year, we have successfully established our new Board and executive team and continued to build upon the robust governance and ESG frameworks that underpin our future growth ambitions. With regards to the Governance framework that we established, we will continue to review and update our policies and commitments in these areas to ensure that we fully meet, and, where possible, exceed our obligations, in line with our updated strategic objectives.

Vendors and host governments are increasingly seeking credible and responsible counterparties for divested assets to ensure best practice, environmental stewardship, and the highest standards of governance so that local communities and all stakeholders can continue to realise the socio-economic benefits from existing, discovered resources. With ESG considerations at the heart of Afentra's strategy, and the Executive team's significant experience in this area, the Company is well positioned to be an acquirer of choice.

Taken together, the strengthening of the oil price and the increasing importance of ESG considerations for both vendors and the capital markets, provide strong tailwinds for your company in the longer term. However in the short term oil price volatility and geopolitical uncertainty may create a challenging M&A environment so we will ensure we retain a very strong focus on value creation for you our shareholders and will therefore maintain a disciplined approach to valuation, especially in this challenging environment.

Afentra's Executive team, led by your CEO Paul McDade, have the necessary technical and commercial expertise, and industry and government networks across the African continent to capitalise on opportunities that meet the Company's criteria, and we are convinced that over the period we have put in place the necessary foundations to deliver long-term value for all our stakeholders.

In conclusion, your Company finds itself in a strong position as we enter the second fiscal year of operation as Afentra. The market drivers that underpin the global energy transition and support our long-term strategy are gaining momentum and we are confident that we have the right team and strategy to capitalise on these opportunities for the benefit of all our stakeholders.

It only remains for me to thank you, our shareholders, for your ongoing support for the Company, the management team and our strategy. We look forward to updating you with positive news as we move through the rest of the year.

Jeffrey MacDonald
Chairman

25 April 2022

Uniquely positioned to capitalise on the African Energy Transition

1. Significant hydrocarbon resource base in Africa with material M&A pipeline
2. Gap in market for credible operators to facilitate safe and responsible transition
3. Proven team with significant experience of working in Africa
4. Committed to responsible stewardship and highest standards of governance
5. African Energy Transition provides compelling investment opportunity

Strategic Report

Year ended 31 December 2021

The Global Energy transition

Drivers of change

The global energy transition is accelerating, driven by political, corporate and civil society in pursuit of the goals set by the international community to decarbonise globally. The energy industry is seeing both oil and gas majors as well as National Oil Companies recalibrating their strategies and business models to a lower carbon energy system.

Whilst the developed world is seeking to deploy capital in a manner that actively supports the energy transition and lower carbon economies, developing economies across Africa currently lack the large scale capital required to support the industrial roll out of renewable technologies and remain largely reliant on traditional energy sources.

Despite the sector headwinds, there is a growing recognition that oil and natural gas continues to play critical roles in today's energy and economic systems; and that affordable, reliable supplies of liquids and gas are integral to the transition to a lower carbon world. Furthermore, the revenues, taxes and local employment generated from hydrocarbon production are essential for developing countries in Africa, as well as generating a vital source of energy across a continent that remains challenged by a lack of wide-spread access to reliable electricity or alternative energy sources.

Africa is the lowest contributor to global emissions at only 3%, despite representing 17% of the global population. The revenues associated with African oil and gas production have a material impact on the continent's economies, with nearly 50% of export value coming from fossil fuels. With population growth across the continent soaring alongside only c.60% of current population having access to electricity, Africa's generation capacity will need to be doubled by 2030 in order for the continent to achieve its Sustainable Development Goals ('SDGs') relating to energy. It is in this context that the environmental and investor community should view the African energy transition through a different lens that balances out the environmental drivers with the socio-economic impact to the continent and its people that would support a responsible transition.

Global oil demand is set to rise by 3.3 mb/d in 2022.

Energy demand in Africa has been increasing at an annual rate of around 3%, the highest among all continents.

Africa's proven fossil fuel reserves are estimated at more than $15.2tn based on current market value.

In Sub-Saharan Africa alone, nearly 50% of export value is derived from fossil fuels with an estimated annual contribution to GDP from Africa's current oil, coal and gas production of approximately $156.2bn.

The current industry transition is nothing new, and mature assets in mature basins have been changing hands from IOCs to independents for decades. Africa's oil and gas industry is in the early stages of the same operator transition that the North Sea and the Gulf of Mexico have gone through with assets being transferred from majors to independents. Certainly, the high commodity price environment of today may have impacted the urgency of IOCs to divest, however the fundamental drivers that underpin the industry transition are pressing, as IOCs are looking

to responsibly exit out of assets which are either late life, not material or have a high carbon footprint.

Responsible investment

The growing awareness and consciousness of impact and ethical investment, that seeks to support and accelerate the global energy transition by limiting or withdrawing investment into the extractive industries, has resulted in years of underinvestment into the sector which has consequently impacted the supply and demand dynamics.

This supply crunch has distorted the market and resulted in an increasingly volatile and inflated commodity price environment with Brent crude prices rising rapidly through Q1'22 to c.$130/bbl, a 14 year high, and natural gas prices in Europe reaching a high trading price of €345 per megawatt hour. These unprecedented pricing pressures are impacting everyday life for the global population in the form of high petrol prices, record energy prices for homes, and inflationary pressures across most sectors. It has also highlighted the important topic of energy security, a theme that has been exacerbated in Europe by the ongoing Ukraine/Russia crisis.

The requirement throughout the industry to transparently disclose environmental data has been a positive development, and one emphatically embraced by an industry that has spent decades as a leader in the components that comprise ESG. The divestment by IOCs however may ironically have a negative impact on climate change

The Global Energy transition

unless the acquirer of those assets remains committed to operational excellence and best practice reporting in line with the recommendations set out by the Task Force on Climate-related Financial Disclosures ('TCFD'). The emissions associated with an asset do not, of course, cease when the asset changes hands, and if the capital is not there to support credible and responsible operators to acquire these assets, then the assets may end in the hands of companies that are not duty bound or willing to continue to report on the impact of their activities or invest in mitigating the impact.

Without a responsible oil and gas industry, the transformation of the energy sector globally, and throughout Africa, will be more difficult and more expensive. If capital markets are engaged correctly, independents can help to accelerate the pace of change and reduce the impact on the environment, all while helping to maintain the vital supply of hydrocarbons upon which the global energy mix currently relies.

It has been estimated that achieving global net zero by 2050 will cost as much as

$130tn

A conservative estimate of the cost to achieve net zero for Africa by 2050 is

$2.8tn

Africa, the world's lowest contributor to global emissions, accounts for only 3% of cumulative global CO_2 emissions vs EU at 33%

The need for responsible independents

The market requirement for responsible, well-managed independents to acquire, operate and optimise post-peak assets in Africa is evident. This will ensure the continued balance between necessary supply and the positive socio-economic benefit from these resources – thereby enabling an effective energy transition as well as a just transition for Africa and its people.

Independents can leverage the local resources and skills of the industry and ensure that they play a central role in responsibly managing these assets. The continuing transfer of knowledge can play an important role in the reduction of the emissions intensity of delivered oil and gas.

Afentra's founding team have a strong operating track record throughout Africa and multi-decade experience of what's required to successfully operate assets on the continent. They also have first-hand experience of the industry transition, having been present in the North Sea industry transition in the 2000s, and this understanding of what needs to be considered to facilitate an effective transition provides a competitive advantage.

With an ESG agenda integrated into its business model and operating approach in order to effectively manage business and opportunity risk, Afentra has positioned itself as a credible counterparty, supporting IOCs and Host Governments on their strategic objectives through an effective energy transition.

Africa is home to 17% of the world's population, but it accounts for only 4% of global power supply investment.

2.1m

People estimated to be employed in the energy sector across Africa.

Africa's population is set to exceed

2bn by 2040

In order for Africa to achieve its United Nations Sustainable Development Goals relating to energy, its generation capacity will need to be doubled by 2030 and multiplied fivefold by 2050.

Only 58% of the continent's population have access to electricity and two-thirds of Africa's existing grids are considered unreliable.

Leveraging our extensive regional experience and network to realise the vast potential of proven resources

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 and economically.

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.

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 to be addressed alongside a 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 transition for the benefit of all stakeholders
- African transition will mirror the changing asset ownership landscape of North Sea seen in recent decades

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.100billion 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

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
- 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
- Optimisation of facilities
- Generation of healthy returns on investment
- Performance transparency

Mid 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.

SUSTAINABLE DEVELOPMENT GOALS

Integrating United Nations Sustainable Development Goals:

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

Pre-asset aquisition

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Drivers of change

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

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

Mid term

Long term

Asset development | **Asset Production**

Changing responsibly | **Impactful change**

Creating a responsible new industry player

"It is our responsibility to remain highly disciplined in our approach to ensure any deals delivered today stand-up to retrospective scrutiny in the years ahead."

Paul McDade, Chief Executive Officer

Dear Shareholders,
The year ended 31 December 2021 was a transformative period for the Company with the inception of Afentra; a new E&P business with a focused strategy tailored to the long-term structural changes taking place within the global energy markets.

As set out at our launch in May 2021, Afentra has been established as a responsible and credible independent E&P company to capitalise on the opportunities that will result from the accelerating divestment of producing assets and discoveries from International Oil Companies ('IOCs') and host Governments in Africa and to support an effective and just energy transition for the continent.

Our focus since launch has been on developing the appropriate corporate framework to support Afentra's long-term growth objectives, ensuring Afentra is recognised in the region and the industry as an attractive counterparty for divestments and identify and pursue opportunities consistent with our well-defined strategy. I am pleased to report that the team has made good progress in all of these areas, as detailed below.

A tailored strategy
The oil market has changed considerably since our launch. The oil price has rallied from around \$60/bbl to well above \$100/bbl as a result of recovering and now growing demand, industry underinvestment and of course the impact of the terrible events that are ongoing in Ukraine. However, the market drivers that support Afentra's growth strategy are unchanged. While the strong commodity pricing environment has impacted the urgency of vendors to divest, and the value they are seeking, the underlying market drivers for major oil companies to decarbonise and high-grade their portfolios remains.

At the outset, we adopted a highly disciplined approach to the execution of our growth strategy to ensure any acquisitions were strategically consistent with the criteria that we set ourselves. As detailed within this report, those criteria covered technical, operational and environmental considerations, and of course the commercial requirement to deliver value accretive deals to our shareholders. The latter remains a core focus in the current market, and our disciplined approach dictates that we execute the strategy with patience and in a manner that supports our longer-term objectives. We are only too aware of the volatility within our industry, with Brent trading below \$30/bbl less than two years ago and therefore we prioritise cost and value discipline within our corporate mindset.

During the year there has been a steady evolution of energy market commentary, and sector dynamics, that supports the central themes upon which Afentra was built. First, the need for continued and responsible investment into the oil and gas sector to ensure the necessary supply of oil and gas to meet growing global demand as the transition to renewable energy gradually progresses around the world. Increasing commodity prices, which are translating to growing financial and social concerns about the economic impact to consumers, is a direct result of industry underinvestment alongside sustained supply and demand concerns. The growing acceptance that oil and gas will continue to play an important role in the global energy mix for the coming years and decades supports Afentra's ambition to be a responsible producer of discovered resources.

Second, recognition of the social impact that the energy transition will have on emerging markets, and particularly on Africa, has grown. At launch, Afentra promoted the need to ensure there is a "Just transition for Africa", a transition that recognises the need for the social impact to be balanced against the climate impact. The commentary that certain economies are reliant on hydrocarbons and should be able to capitalise on the socio-economic benefits associated with them has become more prominent and more widely acknowledged. Further strengthening this view is the fact that these emerging nations represent a small contribution to the global impact of climate change compared with more developed nations that champion the need for a speedy transition. The fact that the current gas crisis can have such an impact on western economies highlights the devastating risks and social impacts that too rapid a transition could have on the nations and people of Africa.

It is in this context that Afentra's purpose and model is directly aligned to the creation of shared value for all stakeholders. By committing to strong environmental stewardship, responsible social impact, and strong governance, we have placed the objectives of all stakeholders at the core of our business model. Our ambition to be a credible counterparty for divesting IOCs and host governments supports our growth strategy. The proven operating track record of the team we have assembled should provide trust in our ability to safely and responsibly manage acquired assets, reducing the environmental impact through operating techniques wherever possible, while maintaining the positive socio-economic impact that any acquired assets have on the communities and countries of operation. Our proposition will increasingly meet the specific targets of the United Nations Sustainable Development Goals as we progress from acquisition through to operatorship, production and development.

Progress – strong framework to support future growth

As we reflect on our first year of existence, we are pleased with the considerable progress that we have made. We have successfully assembled a highly competent and credible team with the full suite of expertise required to execute the growth strategy. We have established the corporate framework to support the long-term growth of the Company, underpinned by robust Governance, policies and values.

Afentra's profile is now established within the industry and our brand is recognised across our focus region of West Africa as a competent, reputable, and ambitious counterparty. On the back of this, our team has leveraged well-established relationships with IOC's, debt providers and host governments as we seek opportunities consistent with the growth strategy, and we have been involved in ongoing market sales processes as well as proactively making approaches to acquire "off-market" assets.

Chief Executive's Statement

In October 2021, we submitted an Expression of Interest to purchase interests in Block 3/05 and Block 23 in Angola from Sonangol, and updated in February 2022 that negotiations are ongoing as we seek to reach agreement on the detailed terms of the transaction. In April 2022 Sonangol announced that Afentra is the preferred bidder to purchase these interests. These are high quality assets, in a jurisdiction that we know well, which meet our acquisition criteria in terms of the scale of Oil in Place providing significant upside, with the potential to invest to increase reserves and production.

Afentra's involvement in this process unfortunately resulted in the suspension of shares, in accordance with Rule 14 of the AIM Rules for Companies, however we hope to progress this process to a conclusion as soon as possible, ideally with a satisfactory outcome that sees Afentra complete its first acquisition.

Afentra has been active in the pursuit of other production assets in West Africa. The Company continues to appraise multiple acquisition opportunities that support its growth strategy in terms of acquiring assets in the region with solid low-cost production, proven reserves and significant upside.

In parallel to the above, we will continue to appraise our existing asset in Somaliland with a view to establishing additional value on behalf of shareholders. Given the asset profile is early stage exploration which benefits from a full carry by our partner, we need to carefully consider its positioning within our strategy and ensure that we maximise the value of this asset.

Outlook – building a platform for long-term growth

It has been an active period for your Company and we expect momentum to accelerate through 2022 as we strive to deliver our first value accretive transaction for our shareholders. Afentra's strategy to build a material portfolio of operated and non-operated assets requires a patient approach, especially as we seek to navigate the challenges of transacting in a volatile and high oil price environment.

The market drivers that underpin the energy transition and our strategic intent continue to gather momentum and will undoubtedly evolve over the coming years, as they did in more mature operating regions such as the UK North Sea and the Gulf of Mexico. The current high oil price may have slowed down ongoing processes and deterred certain sellers to divest, given the inflated cash flows being generated by the assets, but conversely it also creates a window of opportunity to sell.

It is our responsibility to remain highly disciplined in our approach to ensure any deals delivered today stand-up to retrospective scrutiny in the years ahead. We are proactively seeking opportunities and feel confident that we have the right team and strategy to deliver our objectives. It is certainly our expectation to deliver transactions this year that provide a platform for long-term growth and value creation.

I'd like to thank all our shareholders for their support since we began this exciting journey and I look forward to updating you all with our progress through this year.

Paul McDade
Chief Executive Officer

25 April 2022

Criteria for Value Creation

Asset identification and acquisition due diligence

Ian Cloke, Chief Operating Officer

The focus since the launch of Afentra has been on high level asset identification and detailed acquisition due diligence, in line with the stated growth strategy. All assets reviewed have been located in Sub-Saharan Africa our focus geography. Oil and gas assets have been reviewed from onshore to the offshore shelf.

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.

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.

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.

High-level screening

Subsurface screening
- Material production
- High quality reservoirs and hydrocarbons
- Untapped resource potential

Technology, innovation and hidden value
- Gap in subsurface solutions
- Development innovations
- Field extension and legacy discoveries

Operations screening
- Leverage existing infrastructure in 2nd owner life cycle
- Asset integrity and lifespan
- Focused well stock and facility upgrade

Above ground
- Manageable non-technical risk
- Pursue operatorship
- Aligned JV partners and stakeholders

Commercial and risk management
- Material cash flow profile
- Low cost and complexity of development
- Short cycle portfolio options

Detailed screening

Technical

Operational

Above ground

Commercial

Asset acquisition

Quality producing assets and discovered resources

- Empowering workforce to operate efficiently
- Safely optimising to enhance margins and reduce Opex
- Increasing production and unleashing full asset potential
- Reducing carbon and environmental impact through lifespan
- Whilst excluding high risk exploration and expensive developments

Asset Summary

Ideally located to commercialise any discovered hydrocarbons

Somaliland

Somaliland offers one of the last opportunities to target an undrilled onshore rift basin in Africa. The Odewayne block, with access to Berbera deepwater port less than a 100km to the north, is ideally located to commercialise any discovered hydrocarbons. A 2D geophysical survey acquired in 2017 and reprocessed in 2019, along with gravity modelling and legacy geological field studies, was the focus of the Company's 2021 work programme to determine if a Mesozoic age sedimentary basin is present in the block and its prospectivity.

Odewayne (W.I. 34%) Exploration block

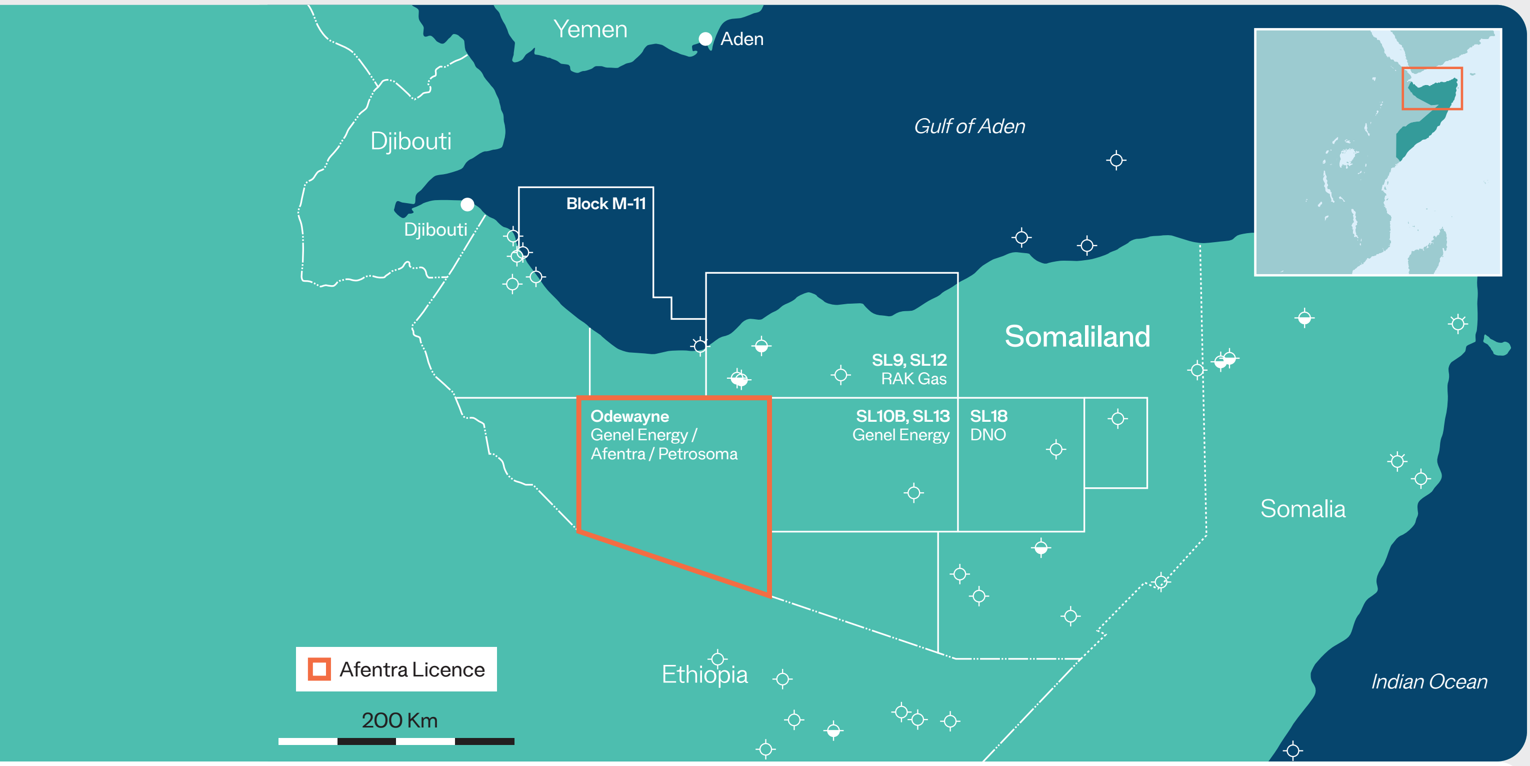
Overview

This large, unexplored, frontier acreage position covers 22,840km^2, 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 (as mentioned in the Licence Status, below).

In 2021 the operator carried out 2D & 3D gravity modelling and a re-interpretation of the 2D seismic grid. The data is interpreted to show fold and thrust structures beneath the interpreted Base Cretaceous Unconformity ('BCU'). If the fold and thrust belt model is correct the petroleum system analogous to this would be of Cryogenian in age and produces about 40 kbo/d in Oman.



Contract Summary			
Contract type	PSA	Participants	
Contract signed	6 October 2005	Genel Energy Somaliland Limited (Operator)	50%
Contract effective date	6 October 2005	Afentra plc - A(EA)L	34%
Contract area	22,840km^2	Petrosoma Limited	16%

Exploration term

Current Period 3: to 2 November 2020 (extended to May 2024, see licence status). Period 3 work commitment:	500km 2D seismic acquisition
Period 4 (optional): to October 2025. Period 4 work commitment:	1,000km 2D seismic acquisition and one exploration well
Period 5 (optional): to October 2026. Period 5 work commitment:	500km 2D seismic acquisition and one exploration well
Period 6 (optional): to October 2027. Period 6 work commitment:	500km 2D seismic acquisition and one exploration well

Production term

Twenty five years, renewable for additional ten years.

State participation

State may back in for up to a 20% participating interest in any development and production area.

Licence status

The block is in the Third Period of the exploration term. The Group's costs associated with the Third and Fourth period work programmes are fully carried by Genel Energy Somaliland Limited.

The Third Period expiry, as described in the 8th Amendment to the PSA, is currently extended by 23 months from this date of publication, as are all subsequent periods. Current expiry date of the Third Period is therefore May 2024.

Afentra's focus on value accretive M&A, targeting robust cash flow and proven resources, is intended to support sustainable shareholder returns

Selected Financial Data

		2021	2020
Year end cash net to the Group	$million	**37.7**	42.7
Adjusted EBITDAX	$million	**(2.0)**	(0.8)
Loss after tax	$million	**(5.0)**	(1.9)
Year end share price	Pence	**14.6**	9.4

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 include capital investment, debt and adjusted EBITDAX.

Income statement

The loss from operations for 2021 was $5.0 million (2020: loss $2.2 million) for the reasons described below.

During the year, net administrative expenditure increased to $5.0 million (2020: $2.2 million) as a result of exceptional (one off) items relating to costs associated with the migration to Afentra, a change in management and an increase in contractors and advisors.

In 2021, a portion of the Group's staff costs and associated overheads have been expensed as pre-licence expenditure ($2.4 million), or capitalised/recharged ($77k) where they are directly assigned to capital projects or recharged. This totalled $2.4 million in the year (2020: $1.3 million).

Finance income in the year of $36k (2020: $326k) represents interest received ($13k) and foreign exchange gains ($23k) on cash held by the Group. The reduction in interest received year on year was as a result of the global pandemic amongst other factors impacting interest rates.

Finance costs during 2021 totalled $45k (2020: $58k).

The loss for the year was $5.0 million (2020: loss $1.9 million):

	$ million
Loss for year 2020	(1.9)
Increase in G&A and pre-licence costs	(2.8)
Decrease in finance income	(0.3)
Loss for year 2021	**(5.0)**

Adjusted EBITDAX and net loss

Group adjusted EBITDAX loss totalled $2.0 million (2020: $761k loss):

	2021 $ million	2020 $ million
Loss after tax (page 72)	**(5.0)**	(1.9)
Interest and finance costs	**0.0**	(0.3)
Depletion and depreciation	**0.2**	0.2
Pre-licence costs	**2.7**	1.2
Total EBITDAX (Adjusted)	**(2.0)**	(0.8)

The basic loss per share was 2.3 cents per share (2020: loss 0.9 cents per share). No dividend is proposed to be paid for the year ended 31 December 2021 (2020: $nil).

Statement of financial position

At the end of 2021, non-current assets totalled $22.0 million (2020: $22.1 million) the majority of which relates to the Odewayne block ($21.3 million).

Net assets/total equity stood at $58.9 million (2020: $63.9 million).

Net current assets reduced to $37.3 million (2020: $42.5 million).

At the end of 2021 cash and cash equivalents totalled $37.7 million (2020: $42.7 million), the reduction primarily being related to spend on G&A.

Cash flow

Total net decrease in cash and cash equivalents in the year was $4.9 million (2020: $2.2 million), a full reconciliation of which is provided in the Consolidated Statement of Cash Flows on page 75.

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 2021 and 2020 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

25 April 2022

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 2021.

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 set out on page 28 the Company has worked closely with Genel Energy during 2021. The Company will continue to engage with the Operator in relation to this asset to further evaluate the prospectivity of the licence. Although not yet present in Angola, the company has also worked closely with Sonangol at all levels to progress the discussions on Block 3/05 and Block 23.

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 a number of employees and consultants are invited to join the meeting from time to time. The Board have day-to-day business interactions with various employees of the Group so receive direct employee feedback and engagement.

The Directors regularly engage with investors via the AGM 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 therefore 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, in particular, its M&A strategy. The Company's M&A strategy has become more targeted towards seeking particular assets in more limited jurisdictions as discussed in the Chairman's and CEO's statements.

Principal decisions during 2021

Key decisions made by the Board were in relation to M&A opportunities with a significant focus on the likely consequences of these decisions in the long-term as well as looking how these decisions may affect communities and the environment. In preparation for the acquisition of assets, key policies were drafted to replace legacy ones. As stated above investor feedback in relation to the Company's M&A strategy was considered as part of the Board's decision making in this area.

Managing and mitigating our material issues

Principal business risks

The long-term success of the Group depends on its ability to manage its asset portfolio and to find, acquire, develop and/or commercially produce new oil and natural gas reserves. In achieving its long-term success, the Group is exposed to a number of risks and uncertainties which could have a material impact on the Company's performance. Key to mitigating the risks faced by the Company is ensuring Afentra has the correct Board and senior management team in place who regularly review the business, approve the annual work programme and budget as well as consider monthly management reporting, financial operating procedures, health, safety, security and environment ('HSSE') and other important factors. The Directors regularly monitor all risks to the Company using information obtained or developed from external and internal sources and will take actions as appropriate to mitigate these. The Group utilises a risk management system that identifies key business risks and measures to address these risks. The Company proactively implements such measures considered appropriate on a case-by-case basis.

The Company's strategic risk and operational risks remained the same over the past year with no changes in the Company's portfolio.

The Directors have identified the following principal risks and mitigations in relation to the Group's future performance:

Category	Risk	Mitigation	Change
Financial, Commercial and Economic • Volatile commodity prices • Market volatility • Counterparty distress	• Volatile commodity prices (both low or high) impacting buyer – seller expectations impacting ability to acquire assets. • Difficulty in capital raising for new acquisitions and/or to fund development activities. • Licence extension uncertainty. Licences, permits or approvals may be difficult to obtain and sustain. • Fiscal instability. • Foreign currency risk.	• Group maintains a strong balance sheet and remains fully funded for its existing commitments. • Management continually assess all existing assets and proposed new acquisitions in light of future capital requirements from a disciplined lifecycle investment perspective. • Management maintains an active dialogue with existing and prospective investors. • The new management has a strong track record of successful fundraisings. • The Group holds the majority of its cash in US dollars, the predominant currency used in oil and gas operations.	▲

Category	Risk	Mitigation	Change
External • Country risk • Climate change/ TCFD • Legal compliance	• The Group's assets are located in a non-OECD country. Governments, regulations, and the security environment may adversely change, including the use of tax claims, real or not. The Group's assets in Somaliland have been or are affected by country-specific situations. • The regulation of the energy industry to address climate change is increasingly international in scope and application. The Group's activity focuses on finding and producing carbon based fuels often with long investment and production lifecycles. • Complex Legal and Regulatory Compliance or litigation risk. • Failure to recruit and retain key personnel and/or engage in adequate succession planning. • Human error or deliberate negative action. • The Company is reliant on its IT systems to maintain operations and communications.	• The Board monitors political, regulatory and HSSE changes and engages third-party expertise as required. The Group has objectives to acquire additional core assets, to assist in diversifying jurisdictional risk. • New investments are considered in the light of changing environmental regulations, fiscal volatility and geopolitical dynamics. • Management considers climate-related strategic and financial risks in its future growth strategy (including potential acquisitions), including the potential impact of both transition and physical risks. • The Company accords the highest importance to corporate governance matters and operates to high ethical standards. • Activities are subject to various different jurisdictional laws, customs, fiscal and administrative regulations. • Legal risk assessment and due diligence (where appropriate) is undertaken for all counterparties the Company deals with. • The Company employs suitably experienced and qualified staff and, when required, external advisors to ensure full compliance. • The Company is seeking to build depth of experience in all key functions to ensure continuity. • The Company engages specialist IT support. • Protection against external intrusion is incorporated within the system and tested regularly.	

Robust internal controls

Category	Risk	Mitigation	Change
Strategic • Concentration of portfolio • Competition	• Group's asset (Somaliland) is an early stage frontier and basin exploration and production asset within the African continent. • Competitors have significantly greater financial and technical resources. • Concentration of shareholder base. • Failure to negotiate optimal contract terms. • Inadequate management processes. • Financial control of non-operated assets. • Fraud, bribery and corruption / increased third party exposure. • Inappropriate or poorly conceived corporate strategy and failure to deliver on such strategy including failure to access new opportunities.	• The Board is actively seeking to diversify the current portfolio risk by acquiring producing and/or development assets, using existing financial resources of the Group and additional capital (as required). • The Board is pursuing an M&A strategy and conducts detailed due diligence prior to engagement with any prospective transaction. • Ongoing engagement with shareholders to inform investment decisions (including representatives on the Board). • Key documentation and contract terms are considered by the Board to ensure the best possible outcomes are achieved. • Management regularly monitor and amend cost structure, investment strategy and treasury policy. • The Board meets regularly to review the business plan, G&A expenses, strategy and monthly reporting.	▶
Operational • Exploration and production risk • Operator and partner risk	• Exploration activities may not result in a commercial discovery. • The Group is dependent on other operators for the performance of E&P activities, due to lack of control. This may result in delay in conducting work programmes. • HSSE incidents or non-compliance under local rules and/or laws.	• Management aims to diversify and manage risk across a portfolio of assets, applying the Group's experience, expertise and appropriate technology to minimise risk through the asset lifecycle. • The Group carefully considers the technical, HSSE and financial capabilities of operators and potential partners during any JV farm-out or new opportunity acquisition.	▶
Covid-19 Pandemic	• Staff may become ill or require themselves to be quarantined, excessive numbers of which may limit the Company's ability to continue its normal operations.	• There are no Afentra staff on the ground at the Odewayne asset. All staff are based in the UK with access to advanced healthcare and the NHS. • Continued focus on enhanced hygiene and sanitation protocols in place. Regular testing and ability to work from home when required if exposed to Covid.	▶

▲ 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.

Acting responsibly

Our approach

Company Policies

The Directors are mindful of the impact of the Company's business on its employees and contractors, the environment and on the wider community. In particular, it notes the following with respect to HSSE, corporate responsibility, business integrity, community responsibility and employees.

Health, safety, security and environment	
Core competency of the Group	• Every individual to be aware of his/her responsibility towards providing a safe and secure working environment; • Managed through staff training and procedures to reduce HSSE risks as low as reasonably practical; • Appropriate emergency response systems are in place to reduce and mitigate the impact and losses of any incident; and • Ensure compliance with all relevant laws, regulations and industry standards.
JV partners	• The Group maximises its influence with JV partners to share its HSSE and social responsibility values; and • Contractors are required to demonstrate and deliver a credible HSSE and social responsibility programme.
Environmental	• The Group is committed to minimising its impact on the environment in both field operations and within its offices; and • All staff share responsibility for monitoring and improving the performance of its environmental policies with the objective of reducing our impact on the environment on a year-on-year basis.

Corporate responsibility	
Conducting business in a responsible and sustainable way	• The Group has corporate, environmental and social responsibilities to the indigenous communities in the areas in which it operates, to its partners, to its employees and to its shareholders; and • In pursuing its business objectives, it undertakes not to compromise its Corporate Social Responsibility with any of these stakeholders.

Business Integrity	
Conducting business with integrity, honesty and fairness	• Highest ethical standards are a cornerstone of the Group's business; • All business activities are reviewed to ensure they meet our standards; • The Group also seeks to ensure that similar standards are applied by its business partners, contractors and suppliers; and • All members of staff are individually accountable for their actions to ensure that they apply and maintain these standards.

Community Responsibility	
Committed to being a good partner in the communities in which we operate	• 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.

Employees	
Workplace free of discrimination	• All employees are afforded equal opportunities and are rewarded on merit and ability; • All employees are given contracts with clear and fair terms; and • Staff are offered access to relevant training and encouraged to join professional bodies to enhance their knowledge, competencies, career development and opportunities for progression.
Culture of openness	• High standards of conduct, accountability and propriety; and • Employees can report legitimate concerns without fear of penalty or punishment.

Whistleblowing Policy	
Empowers employees to be proactive	• Employees able to make anonymous reports directly to the independent non-executive Directors; and • Employees are encouraged to report any failure to comply with legal obligations or the Group's regulations, dangers to health and safety, financial malpractice, damage to the environment, criminal offences and actions which are likely to harm the reputation of the Group.

Antibribery and Corruption Policy	
Committed to using only legitimate means to further business interests	• The Company commits not to offer, promise, pay or accept bribes in order to obtain unfair advantage; • Remuneration, payments and commissions shall be for legitimate business reasons; and • Systematic procedure supporting the Policy to reduce the risk of bribery and corruption to as low as reasonably practicable.

Sustainability

Applying an ESG lens to asset selection

Assessment criteria with relation to social and environmental factors, climate related impacts on the business and our TCFD/similar principles journey.

Afentra strengths
- Afentra Team
- Vision, Mission, Values
- Group Policies
- Advisory Group

Assemble project toolkit

Assess
- Detailed management assessment
- Competent Persons Report
- Determine employee engagement strategy
- Determine external stakeholder engagement strategy

Establish independent emissions

Acquire and identify

- Establish integration teams
- Educate and set expectations re: V, M, V and P
- Design integration plan
- Opportunity and GAP analysis
- Design ESG investment and engagement plan
- Establish ERM Register

Opportunity identification, education and action plan

Execute

- Stakeholder engagement
- Employee policy training
- Operational control ESG investment plan
- Execute supply chain ESG activism

Near term platform focused, medium term logistics focused

The Strategic Report was approved by the Board of Directors on 25 April 2022 and signed on its behalf by:

Paul McDade
Chief Executive Officer

25 April 2022

Corporate Governance

Year ended 31 December 2021

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 & 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 these objectives with the robust ESG principles embedded into 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, 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 being 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

Following the transformation of the Company in 2021, the Board was refreshed with Jeffrey MacDonald appointed as non-executive Chairman and Paul McDade as CEO. Ian Cloke was appointed as COO, Gavin Wilson joined the Board at the end of March as an independent non-executive Director and Anastasia Deulina was appointed

CFO in early May. The Chairman, Jeffrey MacDonald, was independent on appointment and the Board intend to appoint a further independent non-executive Director in 2022.

Gavin Wilson holds 1.22% of the issued share capital of the Company. He also has a consultancy agreement in place with YF Finance Limited who own 11.96% of the issued share capital of the Company, however, Gavin Wilson is not appointed to the Board as a shareholder representative for YF Finance, therefore the Board consider 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. Composition of the various Board Committees will also remain under review and will change once a further independent non-executive Director has been appointed to the Board. Anastasia Deulina was appointed to the Audit Committee on a temporary basis until a further appointment has been made with the requisite financial knowledge and experience. Board and Committee composition will be considered again once the Company has begun implementation of its acquisition and growth strategy.

Tony Hawkins, Michael Kroupeev, Leo Koot and Ilya Belyaev all stepped down from the Board in March 2021.

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 page 62 and 63.

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, upon appointment, have sought advice from FIT Remuneration Consultants LLP ('FIT Remuneration') regarding updating the Company's remuneration policy and further details regarding this can be found in the Remuneration Committee's report on pages 51 - 58. 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 any Director who has been a Director at the preceding two Annual General Meetings and who had not been appointed or re-appointed by the Company, retire and stand for re-election. 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 meets at least five 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 2021 and the attendance record of the individual Directors who were appointed to the Board during 2021:

	Board Meetings	Audit Committee	Remuneration Committee	Nominations Committee
Number of meetings in year	11	1	1	-
Paul McDade	4	-	-	-
Ian Cloke	4	-	-	-
Anastasia Deulina	3	1	-	-
Tony Hawkins	7	-	-	-
Jeffrey MacDonald	3	-	1	-
Gavin Wilson	3	1	1	-
Michael Kroupeev	8	-	-	-
Leo Koot	8	-	-	-
Ilya Belyaev	8	-	-	-

No formal Board performance evaluation took place in 2021.

Jeffrey MacDonald
Independent non-executive Chairman

25 April 2022

Audit Committee Report

Members

This Committee currently comprises:

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

Committee composition

Anastasia is the CFO and will only remain on the Committee until a further independent non-executive Director has been appointed with the requisite financial experience. The Company intends to commence a search for a further independent non-executive Director as the Company begins to deliver its buy and build strategy.

The Audit Committee met once during 2021. 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 during 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 exercised by management contained within the Report and Financial Statements are reasonable.

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 2023, 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 2022. The Committee has recommended to the Board that shareholders support the re-appointment of BDO LLP at the 2022 AGM.

Further disclosure relating to the Auditors is set out within the Directors Report on pages 60 and 61.

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

Gavin Wilson
Chairman of the Audit Committee

25 April 2022

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 the complete refreshment of the Board in 2021 the Committee will meet in 2022 to review the balance of skills, knowledge and experience of the Board. The Company intends to commence a search for a further independent non-executive Director, at which point the Committee will then consider the composition of the other Board Committees and, in particular, that of the Audit Committee, and will recommend any changes to the Board.

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

Jeffrey MacDonald
Chairman of the Nominations Committee

25 April 2022

Remuneration Committee Report

I am pleased to present the Remuneration Committee's report for 2021. Following the appointment of an entirely new Board, including a new executive team, in March 2021, this report is focused on the future, setting out how the new Board will be remunerated to deliver our strategy and to ensure the Company fulfils its purpose to support the African energy transition as a responsible, well managed independent oil and gas (or energy) company, enabling the continued economic and social development of African economies whilst creating material value for all our shareholders. The report also details how the Board was paid in the year ended 31 December 2021.

Members

This Committee currently comprises:

- Gavin Wilson (Chairman)
- Jeffrey MacDonald

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 further independent non-executive Director(s) 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 appointed following the transformation of the Company in March 2021 to provide advice to the Committee in respect of the introduction and operation of a new Remuneration Policy and the drafting of this report. 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

In addition, PricewaterhouseCoopers LLP ('PwC') was appointed 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 has been introduced by the Committee following the appointment of the new Board; and
- **The Annual Report on Remuneration,** which details how the Committee operated the Policy for 2021 and how it intends to operate the Policy going forwards.

Remuneration Committee Report (cont.)

Directors' Remuneration Policy

Following the new Board being appointed, the Remuneration Policy was reviewed and aligned to the Company's strategy, purpose and vision and recognises the experience of the new leadership team which has led the transformation of the Company and facilitated the opportunity 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 new corporate strategy, it was proposed that a Founder Share Plan ('FSP') was established. Following advice from PwC, FIT and consultation with the Company's major shareholders, this plan has now been adopted by the Company. Details of the FSP are set out below.

In addition to the FSP, a market consistent Long Term Incentive Plan ('LTIP') has also been adopted to ensure that all members of staff can share in the value created from the new corporate strategy. Whilst the FSP and LTIP have both been adopted by the Company, it is intended that no awards will be made under these share plans until the first acquisition in Afentra's buy and build strategy is completed. In addition the FSP has been designed to ensure that rewards from this plan are only made following significant value creation relative to the share price at the time the new Executive team joined the Company.

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	• Base salary is normally reviewed annually taking into account the executive Directors' performance, individual responsibilities and experience. • 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. • The Committee will also consider pay increases awarded to the Company's employees when determining increases for the executive Directors. • There is no maximum opportunity.

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	• The Company may offer benefits for employees and Directors which 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 will be provided. This will be reviewed by the Committee as the Company delivers its buy and build strategy. • The maximum potential value is the cost of the provision of these benefits.

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	• 10% of salary (delivered as a pension and/or a cash allowance).

Annual bonus	
Purpose and link to strategy	To incentivise and reward the delivery of the Company's short-term strategic objectives.
Operation	• Maximum opportunity is up to 100% of salary p.a. • 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. • Any bonus payment is subject to the Company's malus and claw-back policy.

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	• The Company has introduced a Founder Share Plan ('FSP') whereby:
	  • participation will be limited to the founders (being those executive Directors who have invested their own funds in the Company's shares);
	  • participants will share in the growth delivered by the Company above a threshold that the Directors believe represents a challenging hurdle;
	  • malus and clawback provisions will apply.
	• Further details of the FSP are set out below.
	  • In addition, a market standard Long Term Incentive Plan ('LTIP') has been introduced.
	  • 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).
	  • 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).
	  • 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 share plan.

Remuneration Committee Report (cont.)

Shareholding guideline	
Purpose and link to strategy	To align executive and shareholder interests.
Operation	• 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.

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	• The Chairman and non-executive Directors will receive an annual fee (they will not be eligible to participate in the Company's pension arrangements, annual bonus plan or receive share awards). • Fees are normally reviewed annually taking into account the Directors' role, time commitment and comparator data where relevant. • 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.

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 introduced 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.

Performance Conditions – 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.

Although the FSP has been adopted by the Company, no awards will be made until the first acquisition to be made by Afentra pursuant to its new corporate strategy is completed.

Measurement Date	Threshold Total Shareholder Return	Measurement Total Shareholder Return
First Measurement Date 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.
Second Measurement Date 16 March 2025	The higher of: • 18.92% compound annual growth from the initial price of £0.15 as at the Second Measurement Date; and • the highest previous measurement total shareholder return which resulted in Conversion.	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.
Third Measurement Date 16 March 2026	The higher of: • 14.87% compound annual growth from the initial price of £0.15 as at the Third Measurement Date; and • the highest previous measurement total shareholder return which resulted in Conversion.	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.

Introduction of the Long Term Incentive Plan ('LTIP')

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

Remuneration of Directors for the year ended 31 December 2021

The table below reports single figure remuneration of the Directors received in 2021 and the prior year.

2021 Remuneration	Fees and basic salary £	Bonus £	Defined contribution pension £	Benefits in kind £	Single figure remuneration Total 2021 £
Executive Directors:					
Paul McDade (appointed 15 March 2021)[1]	291,667	-	29,167	7,775	328,609
Ian Cloke (appointed 15 March 2021)[1]	237,500	-	23,750	6,001	267,251
Anastasia Deulina (appointed 4 May 2021)[1]	244,000	-	19,000	2,876	265,876
Tony Hawkins (resigned 15 March 2021)[1]	130,836	-	5,625	858	137,319
Non-executive Directors:					
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
Aggregate remuneration 2021 (£)	**1,108,741**	**-**	**77,542**	**17,510**	**1,203,793**
Aggregate remuneration 2021 (US$)	**1,526,585**	**-**	**106,666**	**24,087**	**1,657,338**

2020 Remuneration	Fees and basic salary £	Bonus £	Defined contribution pension £	Benefits in kind £	Single figure remuneration Total 2020 £
Executive Directors:					
David Marshall (resigned 4 December 2020)[2]	204,509	33,750	21,540	5,515	265,314
Non-executive Directors:					
Michael Kroupeev	100,625	-	-	-	100,625
Leo Koot	50,312	-	-	-	50,312
Ilya Belyaev	36,305	-	-	-	36,305
Aggregate remuneration 2020 (£)	**391,751**	**33,750**	**21,540**	**5,515**	**452,556**
Aggregate remuneration 2020 (US$)	**502,907**	**43,326**	**27,652**	**7,080**	**580,965**

1 Defined pension contributions paid as cash.
2 Includes 2019 bonus amount of £34k accrued at 2019 year-end, which was paid on 26 March 2020.

Annual Bonus Awards for 2021

The annual bonus KPIs for 2021 were based on a combination of the effective management of the 2021 budget for the Company and the delivery of the Company's "buy and build" acquisition strategy. As no acquisitions were completed in 2021, it has been determined that no bonuses will be paid to the Executive Directors for that period.

Board Changes

In respect of the Board changes which took place during 2021:

- Michael Kroupeev, Leo Koot and Ilya Belyaev stepped down from the Board on 30 March 2021. No payments for loss of office were paid.
- Tony Hawkins was appointed as CEO on 1 January 2021 and stepped down from the Board on 15 March 2021 (he was appointed to the Board of Directors on 7 December 2020). Other than being paid salary and benefits for his 3 month notice period, no payments for loss of office were paid.
- Paul McDade was appointed CEO and Ian Cloke was appointed COO on 15 March 2021. Anastasia Deulina was appointed CFO on 4 May 2021. Details of their remuneration arrangements from appointment is set out below.
- Jeffrey MacDonald was appointed as independent non-executive Chairman and Mr Gavin Wilson was appointed as non-executive Director on 30 March 2021. Details of their fees from appointment is set out below.

Remuneration Policy for 2022

Base salary	Paul McDade, Ian Cloke and Anastasia Deulina will receive base salaries for 2022 of £350,000, £285,000 and £285,000 respectively.
Pension	10% of salary in line with the Remuneration Policy.
Annual bonus	Annual Bonus will be capped at 100% of base salary. The payment of the bonus will be dependent on the achievement of financial, operational, strategic and personal performance targets. The targets and performance against these targets will be disclosed in the Remuneration report for the year ending 31 December 2022 unless the Committee considers these to be commercially sensitive.
FSP	Although the FSP has been adopted by the Company, no awards will be made until the first acquisition to be made by Afentra pursuant to its new corporate strategy is completed.
Non-executive fees	The non-executive Chairman and non-executive Director will receive fees for 2022 of £96,000 and £45,000 respectively.

Remuneration Committee Report (cont.)

Statement of Directors interests (audited)

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

Ordinary shares of 10p each	22 April 2022	31 December 2021	31 December 2020
Executive Directors:			
Paul McDade (appointed 15 March 2021)	2,267,000	2,267,000	-
Ian Cloke (appointed 15 March 2021)	1,920,555	1,920,555	-
Anastasia Deulina (appointed 4 May 2021)	954,141	954,141	-
Non-executive Directors:			
Gavin Wilson (appointed 30 March 2021)	2,681,666	2,681,666	-
Jeffrey MacDonald (appointed 30 March 2021)	-	-	-

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 $59.9k in 2021 (2020: $27.5k).

External directorships

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

Gavin Wilson

Chairman of the Remuneration Committee

25 April 2021

Extractive Industries Transparency Initiative ('EITI')

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 2021:

	2021 $000	2020 $000
Somaliland - Odewayne [1]	75	75
	75	75

[1] Payments made by Genel Energy (A(EA)L 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 2021.

Principal activity and business review

The principal activity of the Group and Company throughout the year was identifying and progressing acquisition targets in line with the stated strategy and the exploration of oil and gas, with Africa as the geographic focus. 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 2021 the Group used a number of KPIs to assess the business performance against strategy, these included: M&A led growth initiatives and managing the Group's financial exposure to its existing assets.

Results and dividends

The Group loss for the financial year was $5.0 million (2020: loss $1.9 million). This leaves an accumulated Group retained earnings of $31.0 million (2020: retained earnings of $35.9 million) to be carried forward. The Directors do not recommend the payment of a dividend (2020: $nil).

Directors Liabilities

Qualifying third-party indemnity provisions for the benefit of all of 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 51 – 58.

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 page 28 and 29. The financial position of the Group and Company, its cash flows and liquidity position are described in the Financial Review on pages 30 and 31. In addition, Note 18 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. As a consequence, the Directors believe that both the Group and Company are well placed to manage their business risks successfully despite the ongoing pandemic and uncertain economic outlook.

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 COVID-19 has had, and continues to have internationally and the current situation in Ukraine and the impact to commodity prices and foreign exchange rates. The Group currently has no unconditional, legally binding commitments in relation to the disclosed transaction in Note 20. The Directors believe that the Group is in a strong position to absorb any potential impact on the Group arising from COVID-19, and thus, they 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 14 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
- Mr. Tony Hawkins
- Mr. Michael Kroupeev
- Mr. Leo Koot
- Mr. Ilya Belyaev

Biographical details of the current serving Directors can be found in the Board of Directors section of this report on page 44.

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 22 April 2022:

	Number	%
YF Finance	26,315,423	11.96
Zion SPC - Access Fund SP	21,789,361	9.90
Denis O'Brien	15,750,000	7.16
Credit Suisse	14,930,358	6.78
Kite Lake Capital Management (UK) LLP	13,500,000	6.13
Richard Griffiths and controlled undertakings	13,105,000	5.96
Athos Capital Limited	9,000,000	4.09
Hadron Capital LLP	7,444,800	3.38

Business risk

A summary of the principle and general business risks can be found within the Strategic Report on pages 34 - 37.

Financial instruments

Information about the use of financial instruments, the Group's policy and objectives for financial risk management is given in Note 18 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 24 May 2022.

Paul McDade
Chief Executive Officer

25 April 2022

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 have elected to prepare the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies whose securities are admitted to trading on AIM.

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 international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group 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	**Anastasia Deulina**
Chief Executive Officer	Chief Financial Officer
25 April 2022	25 April 2022

Group Accounts

Year ended 31 December 2021

Independent Auditors' 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 2021 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 2021 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statement of changes in equity, the consolidated and company statement of cash flows and 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:

- Obtaining and assessing the Group and Parent Company's cash flow forecasts for the period to June 2023 and the underlying assumptions, including verification of the opening cash position and agreeing to available supporting documentation.
- Comparing the level of committed exploration spend per the Group's contractual arrangements to the level of such expenditure included in the going concern model.
- Comparing the Group's actual results for the year ended 31 December 2021 to the planned budgeted out turn for 2021 to assess the quality of Management's budgetary process and the Director's assessment.
- Discussing and seeking views from Management and the Audit Committee on their assessment of risks and uncertainties and corroborating these with relevant evidence.
- Reviewing and considering the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation.

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% (2020: 100%) of Group total assets and loss before tax
Key audit matters	Carrying value of exploration assets • 2021 • 2020
Materiality	Group financial statements as a whole • $900k (2020: $970k) based on 1.5% (2020:1.5%) 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 specified audit procedures over the risk areas detailed above where applicable to that component.

All audit work was conducted by BDO LLP.

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. This matter was 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 this matter.

Carrying value of exploration assets (Note 9)
As at 31 December 2021, the carrying value of Odewayne was $21.3 million (2020: $21.2 million), as disclosed in Note 9 to the financial statements. 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. The Third Period has been extended to May 2024 and has a minimum work obligation of 500km of 2D seismic. The Fourth Period, which is due to begin after the third period, has a minimum work obligation of 1,000km of 2D seismic and one exploration well. Management performed an impairment indicator review in accordance with accounting standards to assess whether there were any indicators of impairment for the exploration assets and whether a full impairment assessment was required. Following this assessment, the Board concluded that no impairment indicators existed. Management have disclosed all the relevant information used in the indicators of impairment in the financial statements. Given the inherent judgement involved in the assessment of the carrying value of the exploration assets, we considered the carrying value of exploration assets and the related disclosures to be a key audit matter.
How the scope of our audit addressed the key audit matter
• We considered Management's assessment of the indicators of impairment and we assessed if there is an ongoing expectation • that exploration in the licence areas will continue. We have also reviewed the licence agreement and the Production Sharing Agreement. We have also reviewed the signed amendment which extends the third period out to 2024. • We made enquires at appropriate management levels of possible commitments and contingent liabilities and reviewed these for accuracy. • Contracts were reviewed to determine if the Group is being carried until the Fourth Period by Genel, and that Genel are contractually committed to develop the prospect until then. • We have reviewed management reports, OCM minutes and public announcements to understand the future prospects of the asset and the desire to further develop the asset. • We reviewed the FY22 budgets and work programmes to consider the Group's intention to continue to fund exploration activity on this licence. • We reviewed all provided correspondence between Genel and Afentra regarding whether the asset was in the third or fourth Period. • We have reviewed the disclosures in the financial statements and ensured these are consistent with our audit work performed on this key audit matter.
Key observations
Our procedures above did not indicate any instances which may suggest that management's assessment of the carrying value of the exploration assets, including the relative disclosures in the financial statements, to be inappropriate. The key judgements and assumptions used by management in the impairment assessment were reasonable.

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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Materiality	900	970	675	728
Basis for determining materiality	1.5% total assets		75% of Group	
Rationale for the benchmark applied	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 and it is the value of assets that is of greatest interest to the users of the financial statements.		The rationale behind the materiality of the Parent Company was the same as that of the Group however in line with the auditing standards we considered aggregation risk within the Group and therefore capped the materiality at 75% of the Group's level.	
Performance materiality	675	728	506	546
Basis for determining performance materiality	Performance materiality was set at 75% of the above materiality level based on our assessment of 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.		Performance materiality was set at 75% of the above materiality level as the level of adjustments in the prior year was immaterial.	

Component materiality

We set materiality for the significant component of the Group based on a percentage of 75% (2020: 75%) of Group materiality this was after considering the size and our assessment of the risk of material misstatement of that component. Component materiality for the significant component was $675k (2020: $728k). Non-significant components had a materiality range of $1 to $18k (2020: $1 to $23k).

In the audit of each significant component, we further applied performance materiality levels of 75% (2020: 75%) of the component materiality, giving $506k (2020: $546k), 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 $18k (2020: $19k). 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 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.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. 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.
Matters on which we are required to report by exception	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: • 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 • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

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.

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.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and international accounting standards.

Our audit procedures included:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- Enquiries of management and those charged with governance regarding known and suspected Group non-compliance with laws and regulations;
- Review of minutes of Board meetings throughout the period.
- Making enquiries of Management as to whether there was any correspondence from regulators iregarding matters related to the financial statements.

Identifying and responding to risks of material misstatement due to fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be in relation to judgement areas such as the carrying value of exploration assets (see Key Audit Matters section above), management override of controls and misappropriation of cash.

Our audit procedures included:

- Testing the financial statement disclosures to supporting documentation;
- Enquiries of management and those charged with governance regarding known and suspected instances of fraud;
- Performing testing on account balances which were considered to be a greater risk of susceptibility to fraud; and
- Performing targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, for example capitalisation entries to exploration assets.

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.

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. 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

25 April 2022

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 2021

	Note	31 December 2021 $000	31 December 2020 $000
Other administrative expenses		**(2,249)**	(953)
Pre-licence costs		**(2,734)**	(1,221)
Total administrative expenses		**(4,983)**	(2,174)
Loss from operations	4	**(4,983)**	(2,174)
Finance income	6	**36**	326
Finance expense	6	**(45)**	(58)
Loss before tax		**(4,992)**	(1,906)
Tax	7	**-**	-
Loss for the year attributable to the owners of the parent		**(4,992)**	(1,906)
Other comprehensive (expense)/income - items to be reclassified to the income statement in subsequent periods			
Currency translation adjustments		**(5)**	7
Total other comprehensive (expense)/income for the year		**(5)**	7
Total comprehensive expense for the year attributable to the owners of the parent		**(4,997)**	(1,899)
Basic and diluted loss per share (US cents)	8	**(2.3)**	(0.9)

Consolidated Statement of Financial Position

Year ended 31 December 2021

	Note	31 December 2021 $000	31 December 2020 $000
Non-current assets			
Intangible exploration and evaluation assets	9	**21,289**	21,209
Property, plant and equipment	10	**725**	844
		22,014	22,053
Current assets			
Trade and other receivables	12	**288**	193
Cash and cash equivalents	13	**37,727**	42,674
		38,015	42,867
Total assets		**60,029**	64,920
Equity			
Share capital	14/15	**28,143**	28,143
Currency translation reserve	15	**(202)**	(197)
Retained earnings	15	**30,953**	35,945
Total equity		**58,894**	63,891
Current liabilities			
Trade and other payables	16	**518**	209
Lease liability	17	**234**	205
		752	414
Non-current liabilities			
Lease liability	17	**347**	581
Long-term provision		**36**	34
		383	615
Total liabilities		**1,135**	1,029
Total equity and liabilities		**60,029**	64,920

The financial statements of Afentra plc, registered number 1757721, were approved by the Board of Directors and authorised for issue on 25 April 2022.

Signed on behalf of the Board of Directors

Paul McDade
Chief Executive Officer

25 April 2022

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Share capital $000	Currency translation reserve $000	Retained earnings $000	Total $000
At 1 January 2020	28,143	(204)	37,851	65,790
Loss for the year	-	-	(1,906)	(1,906)
Currency translation adjustments	-	7	-	7
Total comprehensive expense for the year attributable to the owners of the parent	-	7	(1,906)	(1,899)
At 31 December 2020	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**

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Note	2021 $000	2020 $000
Operating activities			
Loss before tax		**(4,992)**	(1,906)
Depreciation, depletion and amortisation	10	**241**	193
Finance income and gains		**(13)**	(326)
Finance expense and losses		**45**	59
Operating cash flow prior to working capital movements		**(4,719)**	(1,980)
(Increase)/decrease in trade and other receivables		**(95)**	57
Increase/(decrease) in trade and other payables		**309**	(230)
Increase in provision		**2**	4
Net cash flow used in operating activities		**(4,503)**	(2,149)
Investing activities			
Interest received	6	**13**	326
Purchase of property, plant and equipment	10	**(127)**	(12)
Exploration and evaluation costs	9	**(80)**	(90)
Net cash used in investing activities		**(194)**	224
Financing activities			
Principal paid on lease liability		**(234)**	(237)
Interest paid on lease liability		**(39)**	(46)
Net cash used in financing activities		**(273)**	(283)
Net decrease in cash and cash equivalents		**(4,970)**	(2,208)
Cash and cash equivalents at beginning of year		**42,674**	44,851
Effect of foreign exchange rate changes		**23**	31
Cash and cash equivalents at end of year	13	**37,727**	42,674

Company Statement of Financial Position

Year ended 31 December 2021

	Note	31 December 2021 $000	31 December 2020 $000
Non-current assets			
Investments	11	**20,140**	20,140
Trade and other receivables	12	**24,829**	22,600[1]
		44,969	42,740
Current assets			
Cash and cash equivalents	13	**37,725**	42,672
Trade and other receivables	12	**91**	37
		37,816	42,709
Total assets		**82,785**	85,449
Equity			
Share capital	14/15	**28,143**	28,143
Retained earnings	15	**21,580**	24,385
Total equity		**49,723**	52,528
Current liabilities			
Trade and other payables	16	**33,062**	32,921
		33,062	32,921
Total liabilities		**33,062**	32,921
Total equity and liabilities		**82,785**	85,449

[1] Refer to Note 12 for details on the change in classification

The loss for the financial year within the Company accounts of Afentra plc was $2.8 million (2020: $566k 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 25 April 2022.

Signed on behalf of the Board of Directors

Paul McDade
Chief Executive Officer

25 April 2022

Company Statement of Changes in Equity

Year ended 31 December 2021

	Share capital	Retained earnings	Total
	$000	$000	$000
At 1 January 2020	28,143	24,951	53,094
Total comprehensive expense for the year	-	(566)	(566)
At 31 December 2020	28,143	24,385	52,528
Total comprehensive expense for the year	-	(2,805)	(2,805)
At 31 December 2021	**28,143**	**21,580**	**49,723**

Company Statement of Cash Flows

Year ended 31 December 2021

	Note	**2021 $000**	2020 $000
Operating activities			
Loss before tax		**(2,805)**	(566)
Finance income and gains		**(13)**	(326)
Operating cash flow prior to working capital movements		**(2,818)**	(892)
Increase in trade and other receivables		**(2,283)**	(1,577)
Increase/(decrease) in trade and other payables		**141**	(34)
Net cash flow used in operating activities		**(4,960)**	(2,503)
Investing activities			
Interest received	6	**13**	326
Net cash generated from investing activities		**13**	326
Net decrease in cash and cash equivalents		**(4,947)**	(2,177)
Cash and cash equivalents at beginning of year		**42,672**	44,849
Effect of foreign exchange rate changes		**-**	-
Cash and cash equivalents at end of year	13	**37,725**	42,672

Notes to the Financial Statements
Year ended 31 December 2021

1. 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 IFRSs 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 IFRS.

(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 3	Amendments - Business Combination	1 January 2022	TBC
IAS 37	Amendments – Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	TBC
IAS 16	Amendments – Property, Plant and Equipment	1 January 2022	TBC
IFRS 1 IFRS 9 Illustrative Examples accompanying IFRS 16 IAS 41	Annual Improvements to IFRSs (2018-2020 Cycle)	1 January 2022	TBC
IAS 1	Amendments – Disclosure of Accounting Polices	1 January 2023	TBC
IAS 8	Amendments – Definition of Accounting Estimates	1 January 2023	TBC
IAS 12	Amendments – Deferred Tax related to Assets and Liabilities (single transaction)	1 January 2023	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 28 and 29. The financial position of the Group and Company, its cash flows and liquidity position are described in the Financial Review on pages 30 and 31. In addition, Note 18 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. As a consequence, the Directors believe that both the Group and Company are well placed to manage their business risks successfully despite the ongoing pandemic and uncertain economic outlook.

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 COVID-19 has had, and continues to have internationally and the current situation in Ukraine and the impact to commodity prices and foreign exchange rates. The Group currently has no unconditional, legally binding commitments in relation to the disclosed transaction in Note 20. The Directors believe that the Group is in a strong position to absorb any potential impact on the Group arising from COVID-19, and thus, they 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

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.

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.

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 2021 and thus no impairments were recognised during the year, by the Company.

As at 31 December 2021, 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 28 and 29, 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 28 and 29 and considering the key factors including; the extension to the current period and further exploration work streams planned in 2022, 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 2021. 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 2021. 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 2021 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 2021 and for the year ended 31 December 2020.

		Corporate		Africa		Total	
	Note	**2021 $000**	2020 $000	**2021 $000**	2020 $000	**2021 $000**	2020 $000
Other administrative expenses		**(2,249)**	(953)	**-**	-	**(2,249)**	(953)
Pre-licence costs		**(2,734)**	(1,221)	**-**	-	**(2,734)**	(1,221)
Loss from operations		**(4,983)**	(2,174)	**-**	-	**(4,983)**	(2,174)
Finance income	6	**36**	326	**-**	-	**36**	326
Finance expense	6	**(45)**	(58)	**-**	-	**(45)**	(58)
Segment loss before tax		**(4,992)**	(1,906)	**-**	-	**(4,992)**	(1,906)
Other segment information							
Depreciation		**241**	193	**-**	-	**241**	193
Segment assets and liabilities							
Non-current assets [1]		**725**	844	**21,289**	21,209	**22,014**	22,053
Segment assets [2]		**38,015**	42,867	**-**	-	**38,015**	42,867
Segment liabilities [3]		**(1,121)**	(1,016)	**(14)**	(13)	**(1,135)**	(1,029)

[1] Segment non-current assets of $21.3 million in Somaliland (2020: $21.2 million).
[2] Corporate segment assets include $37.7 million cash and cash equivalents (2020: $42.7 million). Carrying amounts of segment assets exclude investments in subsidiaries.
[3] Carrying amounts of segment liabilities exclude intra-group financing.

4. LOSS FROM OPERATIONS

Loss from operations is stated after charging:

	Note	2021 $000	2020 $000
Staff costs	5	**3,080**	1,471
Depreciation of Property, plant and equipment	10	**241**	193
An analysis of auditor's remuneration is as follows:			
Fees payable to the Group's auditors for the audit of the Group's annual accounts		**62**	32
Audit of the Company's subsidiaries pursuant to legislation		**4**	5
Total audit fees		**66**	37

5. EMPLOYEE INFORMATION

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

	Group		Company	
	2021	2020	**2021**	2020
Africa	**-**	-	**-**	-
Corporate	**6**	7	**-**	-
Non-executive	**3**	3	**2**	3
	9	10	**2**	3

Group and Company employee costs during the year amounted to:

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Wages and salaries	**2,579**	1,218	**283**	242
Social security costs	**316**	153	**23**	29
Other pension costs	**185**	100	**-**	-
	3,080	1,471	**306**	271

Key management personnel include Directors who have been paid $1.7 million (2020: $581k). See Remuneration Committee Report (pages 51 - 58) and Note 19 for additional detail.

A portion of the Group's staff costs and associated overheads are expensed as pre-licence expenditure ($2.4 million) or capitalised ($77k). In 2021 this amounted to $2.4 million (2020: $1.3 million).

6. FINANCE INCOME AND FINANCE EXPENSE

	2021 $000	2020 $000
Finance income:		
Interest revenue on short-term deposits	**13**	326
Exchange differences	**23**	-
	36	326
Finance expense:		
Bank charges	**6**	13
Interest expense for leasing arrangement	**39**	46
Exchange differences	**-**	(1)
	45	58

7. TAXATION

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

	2021 $000	2020 $000
Loss before tax	**(4,992)**	(1,906)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2020: 19%)	**(948)**	(362)
Effects of:		
Deferred tax movement on provision not provided	**-**	(4)
Expenses not deductible for tax purposes	**(36)**	78
Capital allowances in excess of depreciation	**(174)**	(216)
Adjustment for tax losses	**1,158**	504
Tax charge for the year	**-**	-

Deferred tax

At the reporting date the Group had an unrecognised deferred tax asset of $23.1 million (2020: $22.1 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 $17.2 million (2020: $16.7 million) relating primarily to unused losses and unutilised capital allowances.

8. LOSS PER SHARE (BASIC AND DILUTED)

	2021 $000	2020 $000
Loss for the year	**(4,992)**	(1,906)
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)	**(2.3)**	(0.9)

9. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Group $000
Net book value at 1 January 2020	21,119
Additions during the year	90
Net book value at 31 December 2020	21,209
Additions during the year	80
Net book value at 31 December 2021	**21,289**

Group intangible assets at the year end 2021: 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
Cost			
At 1 January 2020	1,158	140	1,298
Modification during the year	28	-	28
Additions during the year	22	12	34
At 31 December 2020	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**
Accumulated depreciation and impairment			
At 1 January 2020	(187)	(136)	(323)
Charge for the year	(190)	(3)	(193)
At 31 December 2020	(377)	(139)	(516)
Charge for the year	(221)	(20)	(241)
At 31 December 2021	**(598)**	**(159)**	**(757)**
Net book value at 31 December 2021	**605**	**120**	**725**
Net book value at 31 December 2020	831	13	844
Net book value at 31 December 2019	971	4	975

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 17 (Lease liability).

11. INVESTMENT IN SUBSIDIARIES

	Company $000
Cost	
At 1 January 2020	20,140
At 31 December 2020	20,140
At 31 December 2021	**20,140**

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

The subsidiary undertakings at 31 December 2021 are as follows (included on consolidation):

	Country of incorporation	Class of shares held	Type of ownership	Proportion of voting rights held 2021	Proportion of voting rights held 2020	Nature of business
Afentra (UK) Limited	United Kingdom [3]	Ordinary	Direct	100%	100%	Exploration for oil and gas
Afentra Overseas Limited	United Kingdom [3]	Ordinary	Direct	100%	100%	Investment holding company
Afentra Northwest Africa Holdings Limited	Jersey, CI [4]	Ordinary	Direct	100%	100%	Exploration for oil and gas
Afentra Holdings Limited [1]	Jersey, CI [4]	Ordinary	Indirect	100%	100%	Investment holding company
Afentra (East Africa) Limited [2]	Jersey, CI [4]	Ordinary	Indirect	100%	100%	Exploration for oil and gas

[1] Held directly by Afentra Northwest Africa Holdings Limited
[2] Held directly by Afentra Holdings Limited
[3] Registered address - 52-54 High Holborn, London, WC1V 6RL
[4] Registered address - 12 Castle Street, St Helier, Jersey, JE2 3RT

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
Current	**2021 $000**	2020 $000	**2021 $000**	2020 $000
Trade receivables	**86**	87	**-**	3
Other receivables	**62**	37	**39**	10
Prepayments and accrued income	**140**	69	**52**	24
	288	193	**91**	37

	Company	
Non-current	**2021 $000**	2020 $000
Amounts owed from subsidiary undertakings	**24,829**	22,600
	24,829	22,600

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.

The comparative loan to subsidiary of $22.6 million has been reclassified from current to non-current assets reflecting the expected realisation profile of the asset at 31 December 2020. The presentation has been corrected from the prior period when it was classified as current based on its contractual term.

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

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

13. CASH IN BANK AND SHORT-TERM DEPOSITS

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Cash at bank available on demand	**37,725**	19,064	**37,725**	19,064
Short-term deposits	**-**	23,608	**-**	23,608
Cash on hand	**2**	2	**-**	-
	37,727	42,674	**37,725**	42,672

Group and Company	Term	**2021 $000**	2020 $000
Development Bank of Singapore ('DBS')	3 months	**-**	23,608
		-	23,608

14. SHARE CAPITAL

	2021 $000	2020 $000
Authorised, called up, allotted and fully paid		
220,053,520 ordinary shares of 10p (2020: 220,053,520 ordinary shares of 10p)	**28,143**	28,143

15. 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.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Current liabilities				
Trade payables	**256**	113	**48**	42
Amounts owed to subsidiary undertakings	**-**	-	**32,784**	32,800
Accruals	**262**	96	**230**	79
	518	209	**33,062**	32,921

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.

17. 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 2021. The incremental borrowing rate applied to the lease liabilities on 1 January 2021 was 5%.

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

	2021 $000	2020 $000
Current	**234**	205
Non-current	**347**	581
	581	786

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 2021, 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
Group						
Lease liability	234	234	169	637	(56)	581

18. 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 2021 and 31 December 2020.

	Carrying amount/Fair value	
Group	**2021 $000**	2020 $000
Financial assets at amortised cost		
Cash and cash equivalents	**37,727**	42,674
Trade and other receivables	**148**	123
Total	**37,875**	42,797
Financial liabilities at amortised cost		
Trade and other payables	**518**	209
Total	**518**	209

	Carrying amount/Fair value	
Company	**2021 $000**	2020 $000
Financial assets at amortised cost		
Cash and cash equivalents	**37,725**	42,672
Current trade and other receivables	**39**	13
Non-current trade and other receivables	**24,829**	22,600
Total	**62,593**	65,285
Financial liabilities at amortised cost		
Trade and other payables	**33,062**	32,921
Total	**33,062**	32,921

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	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Cash and cash equivalents	**377**	427	**(377)**	(427)

Foreign currency risk

The Company's functional currency is the US dollar, being the currency in which the majority of the Group's revenue and 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 $1.3756/£1.00 (2020: $1.2837/£1.00) or the year end spot rate of $1.3477/£1.00 (2020: $1.3649/£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	
Cash and cash equivalents	**2021 $000**	2020 $000	**2021 $000**	2020 $000
Cash and cash equivalents held in US$	**36,793**	42,565	**36,791**	42,564
Cash and cash equivalents held in GBP	**934**	109	**934**	108
	37,727	42,674	**37,725**	42,672

	Group		Company	
Trade and other receivables	**2021 $000**	2020 $000	**2021 $000**	2020 $000
Current trade and other receivables held in US$	**-**	3	**-**	-
Current trade and other receivables held in GBP	**148**	120	**39**	13
Non-current trade and other receivables held in US$	**-**	-	**11,589**	11,589
Non-current trade and other receivables held in GBP	**-**	-	**13,240**	11,011
	148	123	**24,868**	22,613

Notes to the Financial Statements (cont.)
Year ended 31 December 2021

Financial liabilities

Trade and other payables	Group 2021 $000	Group 2020 $000	Company 2021 $000	Company 2020 $000
Trade and other payables held in US$	**17**	8	**27,567**	27,576
Trade and other payables held in GBP	**501**	201	**5,495**	5,345
	518	209	**33,062**	32,921

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 97.5% (2020: 99.7%) 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 2021 is nil % (2020: nil %).

	Less than six months $000	Six months to one year $000	One to six years $000	Total $000	Interest $000	Principal $000
Group						
Trade and other payables (2021)	**149**	**-**	**-**	**149**	**-**	**-**
Trade and other payables (2020)	76	-	-	76	-	-
Company						
Trade and other payables (2021)	**43**	**32,784**	**-**	**32,827**	**-**	**-**
Trade and other payables (2020)	33	32,800	-	32,833	-	-

19. RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2021 $000	2020 $000	**2021 $000**	2020 $000
Short-term employee benefits	**1,551**	512	**283**	242
Social security costs	**194**	64	**23**	29
Defined contribution pension	**107**	28	**-**	-
	1,852	604	**306**	271

Further information on Directors' remuneration is detailed in the Remuneration Committee Report, on pages 51 - 58.

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:

	2021 $000	2020 $000
Amounts owed from subsidiary undertakings	**24,829**	22,600
Amounts owed to subsidiary undertakings	**(32,784)**	(32,800)
	(7,955)	(10,200)

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

20. Subsequent events

On the 11 April 2022 the Company confirmed that Sonangol had announced Afentra had been selected as preferred bidder to purchase interests in Block 3/05 and Block 23. The next steps in the process have involved finalising a sale and purchase agreement that contains a number of conditions precedent that will need to be satisfied or waived before the Acquisition can be completed. In addition, a final due diligence exercise is required to be completed in connection therewith. If Afentra ultimately proceeds with the Acquisition, it would be classified as a reverse takeover transaction in accordance with Rule 14 of the AIM Rules for Companies. There is, however, no guarantee at this stage that the Acquisition will be completed.

Definitions and Glossary of Terms

$	US dollars
Companies Act or Companies Act 2006	The Companies Act 2006, as amended
2D	Two dimensional
AIM	AIM, a SME Growth market of the London Stock Exchange
AGM	Annual General Meeting
Articles	The Articles of Association of the Company
Board	The Board of Directors of the Company
Company	Afentra plc
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
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.
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
IOCs	International oil company
JV	Joint venture
k	Thousands
km	Kilometre(s)
km^2	Square kilometre(s)
KPIs	Key performance indicators
Lead	Indication of a potential exploration prospect

London Stock Exchange or LSE	London Stock Exchange Plc
LTIP	Long-term incentive plan
M&A	Mergers and acquisitions
m	Metre(s)
OECD	Organisation for Economic Cooperation and Development
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
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.
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.
Shares	10p ordinary shares
Shareholders	Ordinary shareholders of 10p each in the Company
Subsidiary	A subsidiary undertaking as defined in the 2006 Act
United Kingdom or UK	The United Kingdom of Great Britain and Northern Ireland
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.

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