

# Value driven growth

Annual Report and  
Financial Statements 2023





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## Corporate Governance

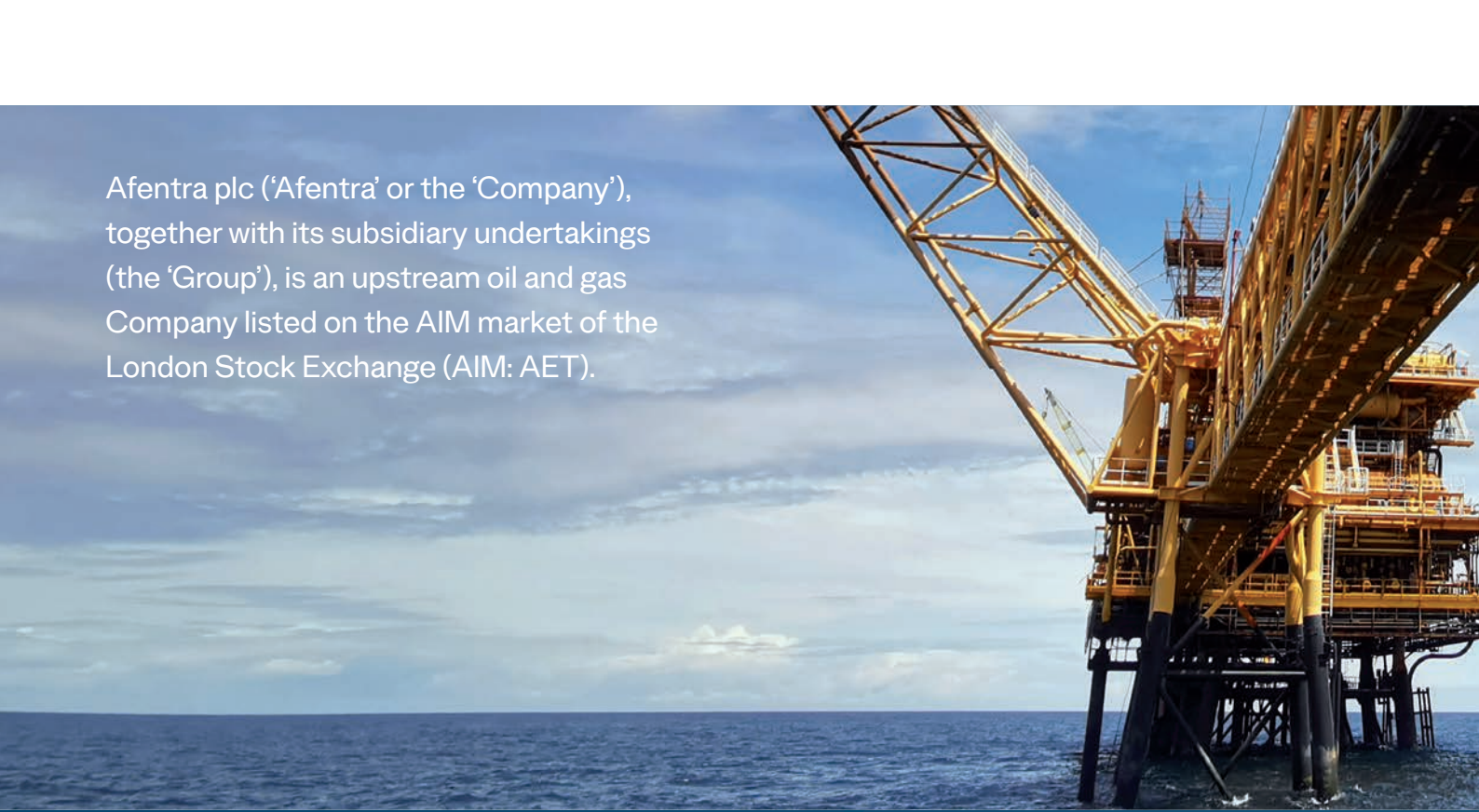
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A photograph of a large offshore oil and gas platform, likely in the Atlantic Ocean. The platform is a complex of yellow and black metal structures, including towers, walkways, and pipes, supported by several thick black legs. The sky is blue with some light clouds, and the ocean is a deep blue. The platform extends from the right side of the frame towards the center.

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).

# Value driven growth

It has indeed been a transformational year for Afentra with the completion of its first two acquisitions from INA (May 2023) and Sonangol (December 2023) resulting in the Company, at year end, holding material non-operating interests in Block 3/05 (18%), in Block 3/05A (5.33%) and in Block 23 (40%) located offshore Angola. A key part of the Sonangol acquisition was the successful negotiation with the Angolan Government to approve the extension of the Block 3/05 licence to 2040 and improve fiscal terms to the production sharing agreement ('PSA'), encouraging future investment in the block.

Post period, the Company having received approval from the Angolan Government, has completed the acquisition of a further 12% non-operated interest in Block 3/05 and 16% non-operated interest in Block 3/05A from Azule Energy Angola Production B.V. ('Azule'). This results in Afentra's non-operated interests increasing to 30% in Block 3/05 and 21.33% in Block 3/05A. In addition, post period, the Angolan Government declared the Punja Development Area in Block 3/05A a marginal discovery with improved fiscal terms now applicable increasing the potential for future development.

The successful completion of these transactions provides the Company with material proven reserves, robust production and cash flow, and significant upside potential from a high-quality asset base. The Block 3/05 licence extension and the favourable improvement of the fiscal terms underpins our confidence in Angola as an attractive investment environment, where we can maximise the value of these high-quality assets over the long-term.

Following a year of material strategic and operational progress detailed in this report, Afentra is well



positioned to deliver its ambitious growth strategy while delivering the broad stakeholder benefits and value around which Afentra was formed.

The discourse on the Energy Transition, and how it can be achieved in an equitable and responsible way, continues to evolve. Geopolitical and economic headwinds in 2023 continued to focus policymakers' decision making towards energy security and affordability balanced with sustainability. There is a growing recognition that African countries must be able to continue to benefit from the revenues generated from their hydrocarbon industries so that they can fund their socioeconomic development, and long-term Energy Transition, while also meeting strong domestic energy demand.

African governments, such as in Angola, are responding accordingly as they seek to encourage foreign investment and welcome ambitious

independents by improving fiscal terms and extending licences to create stable operating environments for investment. In addition to this positive investment climate, an industrial transition is anticipated to continue to gather pace as International Oil Companies ('IOCs'), that have been active in offshore and onshore Africa for decades, follow a trend established in other mature hydrocarbon basins, like the North Sea in the 1990s, by exiting non-core assets as they seek more significant reserves in new projects.

This presents an opportunity for independents like Afentra as a credible counterparty for IOCs to divest the assets and to deliver value creation for all stakeholders, supporting the responsible management of assets, optimising production while reducing environmental impacts and supporting a responsible Energy Transition.

# 2023 Summary

## Strategic

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- Afentra completed the acquisitions from INA (May 2023) and Sonangol (December 2023) of non-operated interests in Block 3/O5 and Block 3/O5A located offshore Angola in the Lower Congo Basin, resulting in the Company at year end holding 18% and 5.33% respectively in these two licences.
- Afentra announced on 19 July 2023 it had signed a Sale and Purchase Agreement ('SPA') with Azule to acquire a further 12% non-operated interest of Block 3/O5 and 16% non-operated interest of Block 3/O5A.
- An Executive Decree was published on 17 May 2023 formally approving the extension of the term of the Block 3/O5 PSA to 31 December 2040.
- A subsequent Executive Decree was published on 4 October 2023 formally approving the revised fiscal terms, which have been independently assessed to enhance the economics on Block 3/O5 and will apply to the Block 3/O5 PSA for the remainder of its term.
- In accordance with Rule 14 of the AIM Rules, the Company's ordinary shares were suspended from trading on AIM from 19 July 2023 as the Azule acquisition and amended Sonangol acquisition constituted a reverse takeover ('RTO').
- Publication of the Admission Document on 18 September 2023 lifted the suspension of shares in Afentra only 9 weeks after the announcement of the transactions. Shareholder approval was received on 5 October 2023.
- Key stakeholder engagement across Governmental, Regulatory authorities and industry counterparties underscores Afentra's confidence in Angola as an attractive operating and investment jurisdiction.
- Efforts to efficiently screen and evaluate compelling M&A opportunities in line with the Company strategy continued.
- The Board was further strengthened through the appointment of Thierry Tanoh as an Independent Non-Executive Director and Chairman of the Audit Committee.

## Financial

- Cash resources at year end 2023 of \$19.6 million (2022: \$30.6 million), which includes restricted funds of \$4.9 million (2022: \$10.2 million).
- Reserve Based Lending Facility at year end of \$31.7 million resulting in year end net debt of \$12.3 million.
- The Company sold its first cargo of 300,000 bbls of crude oil in August 2023, comprising crude oil stock and subsequent production from the INA Acquisition. The sales price inclusive of the Brent premium was \$88/bbl, generating pre-tax sales of \$26.4 million net to Afentra.
- Crude oil stock as at year end 2023 of approximately 300,000 bbls<sup>1</sup>.
- Asset level cashflow generation related to 30% equity in Block 3/O5 in 2023 was \$67.4 million at an average weighted sales price of \$90/bbl.
- Mauritius Commercial Bank became a lender to the Company by entering both the reserve base lending ('RBL') and working capital facilities. Trafigura retains an interest in the RBL facility and will continue as an offtake provider.
- The Group remains fully carried for Odewayne operations in Somaliland (Third and the Fourth Periods of the PSA).

### Cash resources at 31 December 2023

**\$19.6 million**

(2022: \$30.6 million)

### Pre-tax sales at 31 December 2023

**\$26.4 million**

(2022: Nil)

<sup>1</sup> Crude oil entitlement

# 2023 Summary



## Operations

- Average 2023 gross production on Block 3/05 and Block 3/05A was 20,180 bopd representing an 8% increase from 2022 gross production rates of 18,700 bopd.
- On Block 3/05, two successful light well intervention ('LWI') campaigns were carried out in 2023, involving 30 wells. This involved successfully re-entering wells to carry out matrix and tubing washes, perform water shut offs and re-perforations. These well interventions resulted in incremental production increases, leading to an average monthly gross production exceeding 23,000 bopd in December (December 2023 net production exceeded 6,500<sup>1</sup> bopd ) and have demonstrated the benefits of low-cost well interventions.
- Investment in upgrades to the water injection system have doubled injection rates since 2022 on Block 3/05, with December rates reaching ~42,000 barrels water injection per day ('bwipd') and further significant improvements are expected in 2024. The improved water injection is expected to positively impact oil production in the medium term as the reservoir pressure increases.
- Production was restored at the Gazela field on Block 3/05A in March and averaged 1,300 bopd, gross, through 2023.
- Progressed future investment options to unlock the significant resource base which include the installation of electric submersible pumps ('ESPs'), heavy workovers, infill drilling and development of Block 3/05A discoveries.
- Drone surveys to identify fugitive emissions and assist in quantifying flaring were carried out in November 2023 over the Block 3/05 infrastructure. This forms part of a holistic gas management program to identify, measure and reduce GHG emissions.
- A full competent persons report ('CPR') was completed as part of the re-admission of the enlarged group to trading on AIM with an effective date of 30 June 2023 and published in the Company's admission document. Based on this report, reserves replacement in the first half of 2023 has been in excess of 150%.

<sup>1</sup> Net average December combined production exit rate from Block 3/05 and 3/05A post completion of the Azule Acquisition.



## Post year end

- Afentra submitted bids, as a non-operating partner, for Blocks KON15 (1,000 km<sup>2</sup>) and KON19 (900 km<sup>2</sup>) located in the Kwanza onshore Basin and has since been informed that it has been selected as the preferred bidder for 45% equity in both Blocks.
- In February 2024, the Company sold its first 2024 cargo of 450,000 bbls of crude oil. The sales price inclusive of the Brent premium was \$85/bbl, generating pre-tax sales of \$38.2 million to Afentra.
- In March 2024, Afentra with its partners agreed and initialed the PSA for the onshore Block KON19 with Agência Nacional de Petróleo, Gás e Biocombustíveis ('ANPG') and now await the formal Government approval.
- In March 2024, Afentra announced that it had received approval from the Angolan Competition Authority for the acquisition from Azule of a 12% non-operating interest in Block 3/O5 and a 16% non-operating interest in Block 3/O5A, offshore Angola.
- In April 2024, Afentra announced that it had received approval from the Angolan Government for the Azule Acquisition.
- In April 2024, Afentra announced that the Government of Angola had declared the Punja Development Area in Block 3/O5A a marginal discovery with improved fiscal terms now applicable for the remainder of its term.
- In May 2024, Afentra announced the completion of the Azule acquisition resulting in Afentra holding non-operated interests of 30% in Block 3/O5 and 21.33% in Block 3/O5A, including the following completion settlement figures:
  - Net completion payment of \$28.4 million, with Afentra inheriting crude oil stock of c.480,000 bbls.
  - Net completion payment to be funded by \$4.9 million held in escrow, \$17.0 million from the agreed RBL and \$6.5 million from cash resources.
  - Further contingent payments payable to Azule include up to \$14.0 million over two years for Block 3/O5 (subject to oil price thresholds) and up to \$15.0 million (for future developments, subject to oil price thresholds and production hurdles in Block 3/O5A).
  - Following the Azule acquisition, the total RBL drawn is \$47.3 million, the total working capital facility drawn is \$13.7 million, and the cash balance is \$14.8 million, resulting in a net debt of approximately \$46.2 million.
  - After completing the Azule acquisition, the company holds a stock of c. 840,000 bbls<sup>1</sup>, that can be valued at \$63.0 million (based on \$75 per barrel) on a pre-tax basis.
  - The company expects to sell its next cargo of crude oil (around 450,000 bbls) in June 2024.
  - Mauritius Commercial Bank continues as the lender to the company. Trafigura retains an interest in the RBL facility and will continue as offtake provider.

### Stock held following completion of the Azule acquisition

c.840,000 bbls<sup>1</sup>

### Pre-tax sales year to date

\$38.2 million

<sup>1</sup> Crude oil stock entitlement

## Purpose

# Effecting sustainable change

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

Our enabling role in this connected energy ecosystem is to access, redevelop and unleash the full potential of existing producing fields or undeveloped discoveries that no longer fit the 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-hierarchical.

### 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.

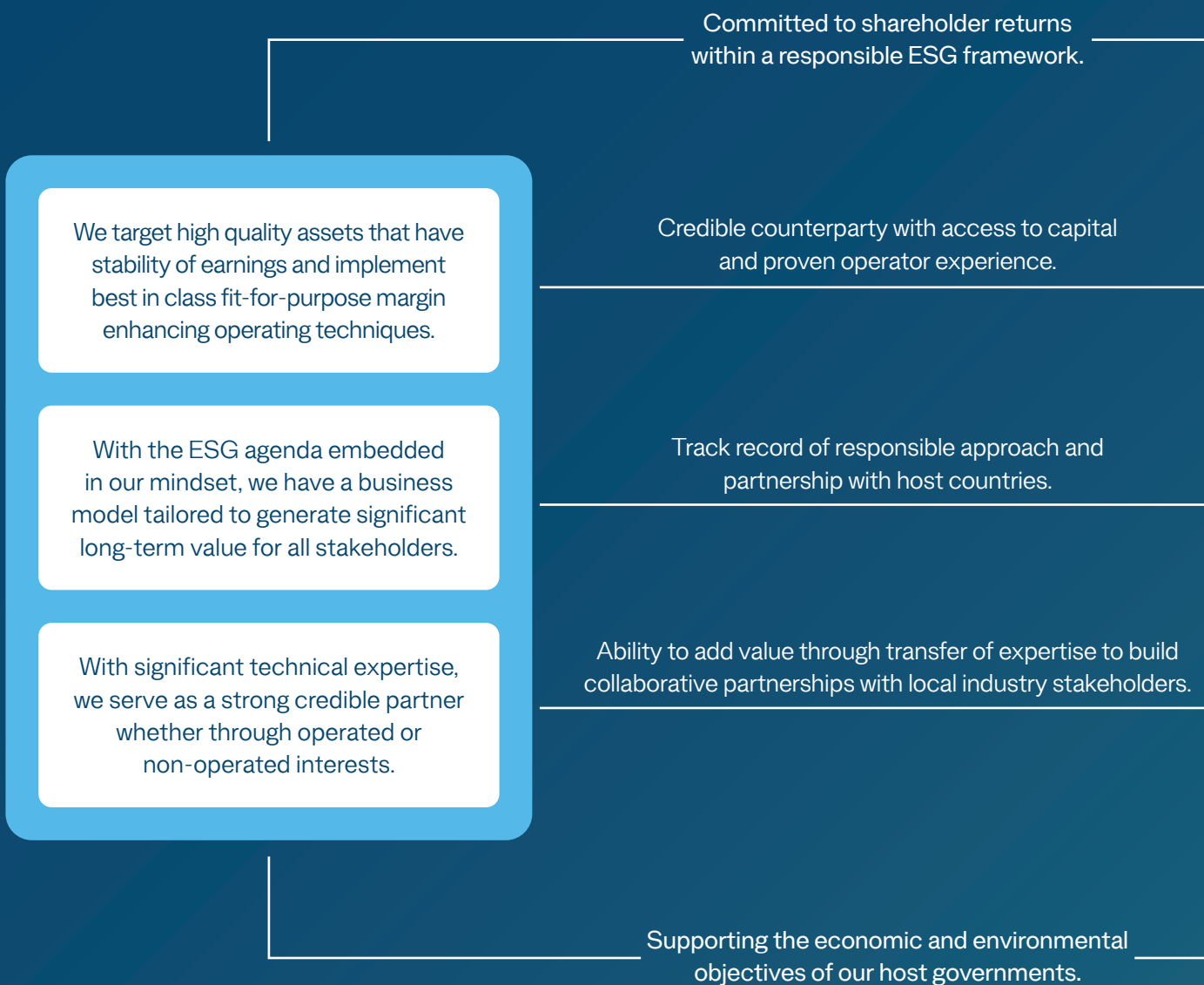
**Enduring value**

Delivering enduring value for all investors and stakeholders.

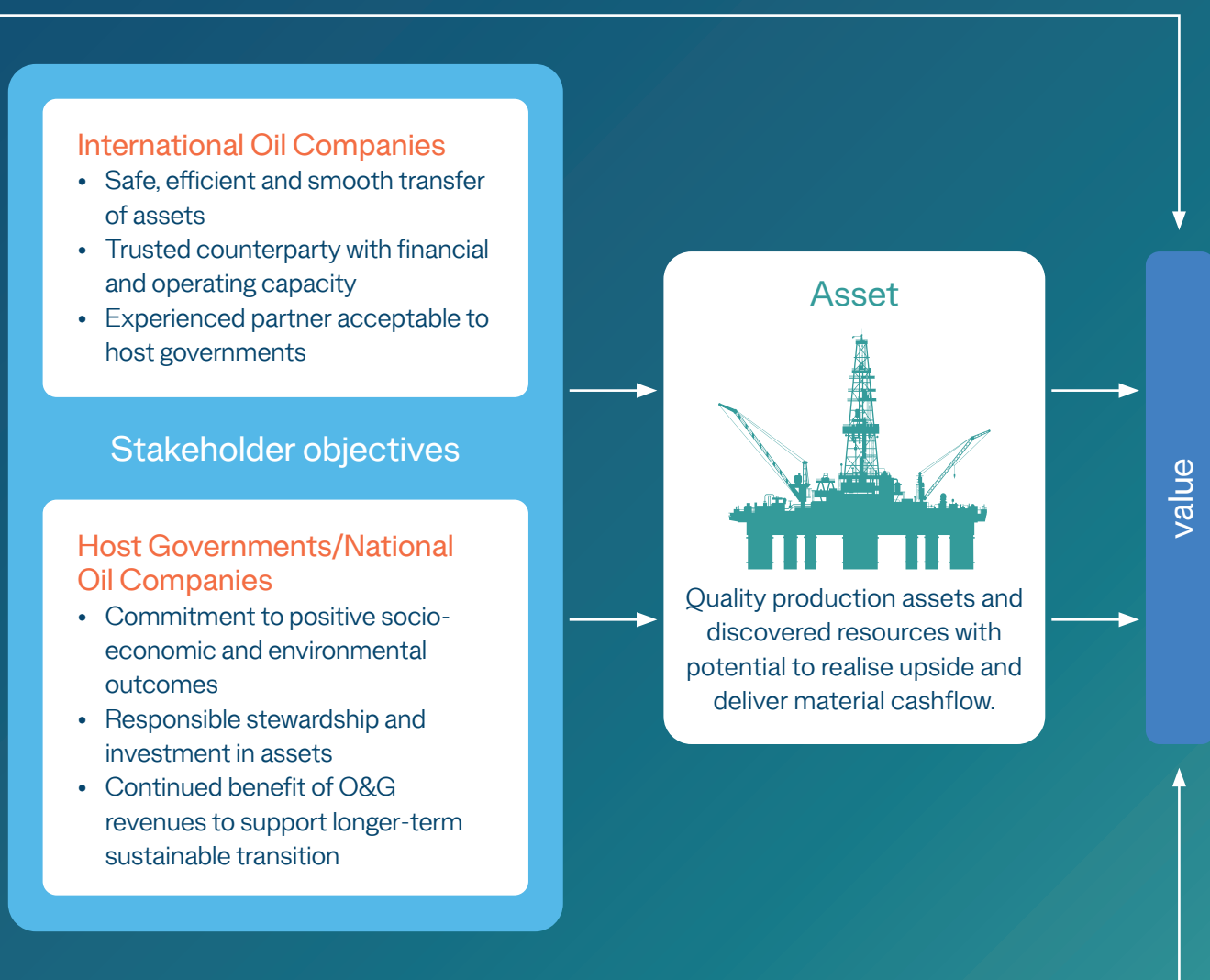
Our framework provides a strong foundation that supports our vision, guides our behaviours and influences the impact we make on the world around us.

# Supporting the exit strategies of IOCs/NOCs, 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.



Once established in core target markets, Afentra seeks to leverage its deep technical expertise to support local industry through collaborative partnership to optimise operations and reduce emissions.



# An operationally focused business



Jeffrey MacDonald, Chairman

Dear Shareholders


I am pleased to report on another year of significant strategic progress for Afentra as it completed its inaugural acquisitions in Angola. The completion of the INA and Sonangol transactions during 2023, and then post period the completion of the Azure transaction, represented strategic milestones for Afentra given the commercial impact and symbolism of the Company becoming an oil and gas producer for the first time.

Having signed the initial SPAs with Sonangol and INA in April and July 2022 respectively, it was a patient wait to complete these complex transactions. The complexity of the deals was increased by an amendment to the Sonangol transaction and the transformative Azure deal announced in July last year. With all three deals completed this increases Afentra's exposure to these high-quality assets in both Block 3/O5 and Block 3/O5A.

Since inception in 2021, Afentra has quickly established itself as an ambitious African focused independent with a strong profile and a reputation as a credible counterparty for divesting NOCs and IOCs. This is of course a cornerstone of our strategy as we seek to deliver Afentra's ambition of building a material business underpinned by a significant reserve base and a material production profile into the future.

We are pleased with our progress towards those longer-term ambitions as, through these initial transactions, we have built

a foundation underpinned by a solid portfolio of assets and a strong cash flow profile from which we can take the Company to the next level. We have obtained a foothold within Angola, a country which is a core market with a very significant oil & gas industry and a supportive fiscal and political backdrop. We have already witnessed first-hand the ambitions of the Angolan Government to encourage investment into the upstream industry through their pragmatic and collaborative approach to the enhanced fiscal terms and licence extension of Block 3/O5.



“The ability of our team to leverage its strong technical expertise to identify hidden value is another critical aspect of Afentra’s strategy.”

More recently following our initial entry into Angola, we have been exposed to further compelling and complementary opportunities such as the onshore licences on which we have been selected as a preferred bidder post year end. We believe Afentra will continue to grow its profile as an important independent producer and partner within the Angolan industry for years to come as we seek to leverage our early mover advantage in this opportunity rich market.

In Sonangol, the Angolan national oil company and Operator of Block 3/O5 and 3/O5A, we have aligned ourselves with a capable Operator, and we have a shared vision of the upside that can be realised from this asset base through a focused technical approach. Though these initial transactions are non-operated interests, Afentra has already been able to bring value and technical insights to the partnership as we seek to optimise production and enhance the environmental profile of Block 3/O5 and 3/O5A over time. We are already engaged on several initiatives and insights developed by our technical team as we awaited completion of the transactions.

#### **Adding Stakeholder value**

Afentra’s strategy remains unchanged from the time of our inception, and we continue to see significant opportunity for the Company to acquire high-quality mid-later life assets that result from a nascent and accelerating industry transition. With commodity prices trading in a healthy and relatively stable bracket with an average price of Brent at \$83/bbl through 2023, we believe the market backdrop is favourable for the delivery of our growth strategy, with pricing being at a level where both counterparties in a transaction can achieve their value objectives.

Afentra’s approach to value creation is unwavering and can clearly be demonstrated by the commercial attractiveness of the three deals that we have done to date. This focus on value driven growth is an essential aspect of our strategy and is the lens through which we assess all business development.

The ability of our team to leverage its strong technical expertise to identify hidden value is another critical aspect of Afentra’s strategy.

The assets that we are targeting are typified by upside that can be realised through a technical approach. Block 3/05 is a case in point, being a high-quality asset that has been in production for many years, yet still has material proven reserves and resources that can be exploited for many years to come – as reflected by the licence extension to 2040 announced in May 2023. The implementation of initiatives to optimise production and extend the productive life of the asset is already yielding clear results and validates the technical due diligence undertaken before acquiring our interest in the asset through three separate transactions.

Our ambition to enhance the environmental performance of any asset in which we have an interest is also a key element to our strategy given our purpose to deliver sustainable change. As a mature oil asset, Block 3/05 provides scope for us to have a positive impact on the emissions profile. One of the core areas of our technical focus has been to conduct feasibility studies on initiatives to reduce or eliminate gas flaring and we are currently tabling these plans with our partners who are aligned on the ambition to enhance the sustainability performance of the assets over time.

### **A rapidly evolving business**

We position sustainability at the very heart of our business and place a great emphasis on each aspect of ESG. While we recognise that the ESG pendulum has swung to a more pragmatic place given the growing emphasis on global Energy Security and the structural and economic challenges of an accelerated Energy Transition, we do not intend to reduce

our emphasis on this issue. Afentra will continue to champion the need for a Just Transition in Africa and we look forward to playing our role in that theme through the positive socio-economic impact of our activities across the continent.

As the business evolves and grows, so too do our internal processes and Governance framework. Afentra is still a small E&P company, however, we adopt the mentality of a significantly larger organisation in many of the things that we do. The appointment of Thierry Tanoh as an Independent Non-Executive Director and Chairman of the Audit Committee during the period was another demonstration of our intent to have high calibre Directors given his previous roles as Minister for Energy in Cote d'Ivoire and senior roles at IFC. This appointment also reflects Afentra's commitment to Governance as we ensure we maintain the appropriate level of experience and independence on the Board to act on behalf of our shareholders.

I believe that a key point of difference for Afentra versus companies of a similar size is the quality and reputation of our management team. It is through them that we are able to identify and convert compelling opportunities and transact with the biggest players in the industry. It is for this reason that the Board recognises the requirement to ensure they are appropriately incentivised to deliver the strategy and value for the benefit of the Company's shareholders. It is in that context that we put in place the Founder Share Plan ('FSP') with the support of shareholders at the 2022 AGM. This plan was designed to fully align the Executive Team with shareholders and reward them based on value creation. I am



pleased to say that the value created to date for shareholders has been significant and that the Executive Team, at the first measurement date which occurred on the 16 March 2024, have been rewarded under the FSP.

Whilst the remaining upside available to the Executive Team under this plan is limited the retention period of 50% of the award ensures significant incentive for further value growth through the remainder of the plan which ends on 16 March 2026. As you will read in the remuneration report we have also put in place a new Long Term Incentive Plan which will continue on from the FSP in 2027 as we seek to appropriately incentivise the Executive Team to maintain their focus on long-term value creation. Further, to reflect the collaborative effort of the whole team and the active role they have played to date, and the significant amounts of time they will dedicate to the continued success of the Company, the remuneration report also proposes market value options for the Non-Executive Directors. The Board has considered the proposals put forth in the remuneration report carefully and concludes that they are appropriate to incentivise continued growth momentum on behalf of all shareholders.

#### **Long-term sustainable value**

To conclude, this has been a truly transformative period that has resulted from several years of focused commercial discipline to identify and progress these inaugural deals in Angola. Following completion of the INA and Sonangol deals, and post period, the completion of the Azule Acquisition, the Company will have transformed itself into a more operationally focused business.

We are using our seat at the table of this high-quality asset base to provide insights as we seek to positively influence the financial and environmental performance of all these assets for the benefit of all stakeholders.

The industry backdrop remains favourable for the delivery of our growth ambitions and we now have a strong foundation from which we believe we can achieve our greater objectives.

All that remains is for me to thank our Executive Team for their diligent efforts through the period which has transformed the business outlook. We would also like to thank the relevant authorities and partners in Angola for their engagement as they have welcomed Afentra into the country and assets. And finally, I would like to thank our shareholders for their patience and support through the challenging regulatory processes associated with these transactions. Your company is now extremely well positioned to deliver long-term sustainable value while achieving the wider stakeholder benefits that define our company's purpose.

**Jeffrey MacDonald**  
Chairman

30 May 2024

# Strategic Report

Year ended 31 December 2023



# Introduction

Since Afentra's inception, we have observed a material shift in the discourse surrounding a Just Energy Transition, to include the consideration of socio-economic issues along with environmental ones. This was demonstrated most recently at COP28 (Dubai), late 2023, with the importance of a Just Transition more centrally placed in the discussions and outcomes. The final consensus agreement provided tangible support for African countries to design and implement their own Just Transition strategies, allowing them to set their own priorities when implementing an Energy Transition strategy that benefits their specific development needs.

While achieving a Just Transition is a concern and challenge for all governments, it is of particular importance for developing African countries that rely heavily upon oil and gas revenues to support their budgets and social-economic development. With global oil and gas demand forecast to remain robust for the foreseeable future, Africa should be able to continue to utilise and benefit from the revenues derived from its natural resources, while developed countries continue to roll out low carbon energy solutions.

Afentra, as a responsible independent with significant industry experience, aims to support the optimal and responsible utilisation of Africa's natural resources, while working hard to implement strategies to reduce the emissions from field infrastructure.





“While achieving a Just Transition is a concern and challenge for all governments, it is of particular importance for developing African countries that rely heavily upon oil and gas revenues to support their budgets and social-economic development.”

# An attractive and stable investment environment in Angola

### Global Markets

Through 2023, the average price for Brent crude stood at \$83/bbl (2022: \$101/bbl), with a number of geopolitical and economic factors affecting the price throughout the year. The upward price pressure that came from geopolitical tensions in Ukraine and the Middle East were countered by robust US shale oil production (averaging a record ~13.3 million barrels in 2023), coupled with economic weakness in China and the continued impacts of inflation in almost all economies. In addition, OPEC continued production cuts that were initiated in late 2022 in an effort to support prices, which ultimately resulted in Angola voluntarily suspending its membership of the group, citing the restrictive quota limits hindering its plans to boost production.

Demand for oil and gas has remained robust given its critical role in the global energy mix and its ubiquitous use in a wide range of industries and end-products. It is expected that despite the contribution from renewables continuing to increase there will continue to be a significant demand for hydrocarbons with Wood Mackenzie predicting oil demand to increase from current levels of c.103 million bopd to c.108 million bbl/d by 2030. This continued demand for hydrocarbons contrasts with decades of underinvestment in the oil and gas industry which is likely to result in a significant supply gap of c.22 million bopd in the coming years.

This robust demand signal is being met by a resurgence of investment in the Atlantic margins of South America and West Africa, with a move by IOCs to explore and develop new deep and ultra-deep-water resources. This is part of an industry transition that has been developing over the past couple of years and is expected to gather pace increasing the opportunity for independents like Afentra to be a credible counterparty to acquire divested interests in non-core fields as IOCs continue to rationalise their oil & gas portfolios.

### Africa

Africa's importance in the global energy and natural resource landscape cannot be overlooked as it holds a significant proportion of the world's critical mineral resources. Harnessing these resources for sustainable development requires concerted efforts to overcome numerous obstacles such as aged and inadequate infrastructure and a legacy of limited investment. For many African nations, reliant upon oil and gas revenues while also facing challenges such as energy poverty, achieving a Just Energy Transition means ensuring a responsible use of their natural resources to generate revenues to fund their socioeconomic development.

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**“Strategic partnerships between governments, international organisations, and the private sector are crucial for unlocking the continent’s vast energy potential and accelerating the transition towards a sustainable future in a fair and responsible manner.”**

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As observed by the IEA Africa Energy Outlook 2022: “nearly 600 million people, or 43% of the total population, have no access to electricity”, Solving this imbalance, or energy poverty, requires a fair and orderly Energy Transition. To address this challenge, it is crucial that Africa be allowed to continue to benefit from oil and gas as a source of much needed revenues for its immediate Energy Security, while developed richer countries should lead the way in diversifying their energy mix toward low carbon solutions.

Strategic partnerships between governments, international organisations, and the private sector are crucial for unlocking

the continent's vast energy potential and accelerating the transition towards a sustainable future in a fair and responsible manner. Afentra is positioned to support Africa through its own Energy Transition, by leveraging our deep technical expertise in operating fields in the most efficient way, reducing emissions to a minimum and maximising value for all stakeholders.

### Angola

In 2023, Angola recorded an average production rate of 1.1 million bopd making it the second largest producer in sub-Saharan Africa after Nigeria. Oil and gas remains a major contributor to the Angolan economy, accounting for circa 30% of GDP, meaning that the industry continues to be an integral part of the Angolan economy. Looking ahead ANPG, Angola's state-owned Regulator, forecast growth in the Angolan oil and gas industry estimating that up to \$71 billion will be invested over the next five years. Continuing a trend that has seen \$50 billion invested since 2019.

#### Angola average production rate 2023

1.1 million bopd

#### Angolan oil and gas investments over next five years

\$71 billion

Notably in December 2023, Angola withdrew from the OPEC group of countries, releasing it from the obligation of quotas which were expected to have restricted production to levels below the country's actual capacity and growth potential. The country's departure, having been a member for 16 years, marked a significant strategic shift for Angola and a statement of its ambition to raise oil and gas production to drive GDP for the benefit of its citizens. Over the past couple

of years, the country has taken proactive steps through reforms and supportive measures to provide an attractive and stable investment environment, while also taking steps to lower emissions from production activities.

This proactive approach was demonstrated by the extension of the Block 3/05 licence term to 31 December 2040 with improved fiscal terms that enhanced the economics of the Block significantly and post year end the improved fiscal terms for the Punja Development Area. These pragmatic and supportive steps have translated into reduced investment risk which has resulted in a deepening commitment by IOCs and independents. For Afentra, the proactive approach in Angola strengthens our confidence that we have entered a supportive market with a firm understanding of the need for a stable fiscal environment, and a recognition of the important role that companies like ours can play in delivering a responsible Energy Transition.

In line with our ongoing commitment to be a supportive and collaborative partner to the oil and gas sector in Angola, Afentra submitted applications for two onshore blocks (KON15 and KON19) in the recent onshore bid round. Onshore activity in the Kwanza basin where the Blocks are located declined and ceased during the instability caused by the Angolan civil war but is now being revisited due to the significant untapped resource potential. Afentra has since been chosen as a non-operated preferred bidder to join the national oil company Sonangol in Block KON15, and local independent ACREP in Block KON19. This presents an opportunity for the Company to play a meaningful role in the development of Angola's onshore resource potential and to help enhance the capabilities within the local industry ecosystem, for the benefit of the country and its people.

# Value driven growth



Paul McDade, Chief Executive Officer

Dear Shareholders,

I am delighted to provide the following statement that corresponds to what has been a transformative period for the Company as it completed its first two transactions, formalising its entry into Angola and the partnership on the high-quality Block 3/O5, and post period completed a deal with Azule that provides further exposure to Block 3/O5 as well as a meaningful interest in Block 3/O5A.

This past year, Afentra has evolved into a Company with an operational focus underpinned by robust production, proven reserves, strong operating free cash flow and a solid foothold in an established country that provides scope for more growth opportunities in Angola and beyond.

Afentra ends the year as a Company with December net production in excess of 6,500 bopd<sup>1</sup>, 2P net reserves of 32 mmbbls<sup>2</sup> and a strong growth platform from which to achieve its longer-term growth ambitions. It was also a year in which we were able to demonstrate the commercial attractiveness of the transactions that we have delivered with the final completion statements for INA and Sonangol deals showing the strong cash generation of these interests from the respective effective dates.

### Strategic progress

While these initial deals have been transformative for the Company, they also represent initial stepping stones to our longer-term growth ambitions as we seek to build a multi-jurisdictional business of scale in our target markets in Africa.

The market drivers for Afentra's purpose continue to intensify as global nations seek energy security and the African continent continues to echo its right for a Just Transition that balances the socio-economic impact of Energy Transition alongside the environmental focus that underpins the Global Energy Transition. While the pace of the industry transition we envisaged is a little slower than anticipated due to sustained high commodity prices and lack of credible counterparties like Afentra, that transition is occurring and will only accelerate over the coming years.

The establishment of Afentra as a proven and credible counterparty with the technical and commercial acumen to transact with IOCs/NOCs and bring value adding industry expertise to any partnership is a message that we have successfully promoted through the industry since inception. Our brand and profile is now well established in our target markets which we believe will ensure we get sight of many growth opportunities to consider alongside the opportunities that we are identifying and progressing through direct engagement.

<sup>1</sup> Net average December combined production exit rate from Block 3/O5 and 3/O5A post completion of the Azule Acquisition.

<sup>2</sup> Net 2P Reserves post completion of the Azule Acquisition based CPR by ERCe effective 30 June 2023 with subtraction of 2H net production of 1.1 mmbbls. Block 3/O5A Reserve base is not included.



“By entering Angola’s industry, Afentra has made a pledge to play a long-term role in delivering its duties for the benefit of the country and its people.”

The strategic priority for Afentra is always value over growth. The Company wants to establish scale, however, it will do so in a strategic and responsible way, by delivering value accretive and strategically complementary deals that demonstrate commercial discipline and support our long-term growth objectives. In this regard, we take a very prudent approach to growing the business in terms of only progressing opportunities that we feel tick all the boxes of our strict criteria assessment, and ensuring these can be delivered in a way that maintains a strong balance sheet and delivers long-term value to our shareholders.

All the transactions delivered to date have been crafted with this disciplined focus in mind and the value aspect is always critical. Certainly, the initial deals we have delivered have been complex and required a great deal of discipline and flexibility to get them over the line. This is best reflected in the Azure deal which resulted in an amendment to the previously announced Sonangol deal to ensure the appropriate balance of interests on the assets going forward. While this resulted in longer completion times than we might have hoped for and a second suspension to trading on

AIM given it was classified as a Reverse Takeover transaction, more importantly it enabled us to structure deals in a competitive manner that ensured strong partner alignment which is a critical aspect for the successful delivery of the forward strategy for the benefit of all stakeholders.

It is pleasing to see our unwavering focus on value creation reflected in the market valuation of the business through the course of the year, especially in the context that this initial growth has been delivered without the issuance of new equity and all while retaining a solid balance sheet with liquidity and a strong cash flow profile.

We hope to maintain this growth trajectory as we demonstrate to investors the strength of that free cash flow relative to our market capitalisation and the considerable upside that we hope to realise from this high-quality portfolio alongside our partners.

# Chief Executive's Statement

continued

## Angola and beyond

Through Afentra's initial transactions, the Group is now established in a mature market with a plethora of growth opportunities. Indeed, since our entry into Angola, we have discovered that there are more compelling opportunities across the full spectrum of the industry, from mature offshore producing fields to the relatively untapped low-cost onshore exploration concessions.

Since our entry we have also witnessed first-hand a well-functioning operating jurisdiction overseen by a Government that is responding to the market factors of today to deliver the long-term socio-economic and environmental requirements for the benefits of the country and its citizens.

The enhancement of the fiscal terms and associated licence extension of Block 3/05 demonstrate the pragmatic approach of the relevant authorities in Angola recognising the collaborative approach required between Governments and industry to encourage long-term investment into the industry for the benefit of all stakeholders.

Afentra places a lot of value on the strength of partnership alignment and collaboration and recognises that it is crucial for the progression of any project or industry. Certainly, over the course of many meetings with the Ministry and Regulators in Angola, we have gained a firm grasp of their objectives, requirements and vision for their industry, and we in turn have outlined the ways in which we can help them achieve those outcomes and the role that we see Afentra playing in Angola.

Following completion of the INA and Sonangol transactions in 2023, Afentra now has a seat at the partner table and is actively providing its technical insights. This approach is a critical aspect to Afentra's growth strategy, especially when taking on non-operated positions, and ensures the Company can leverage its considerable technical and operational expertise to help the assets realise their full potential for the benefit of all partners and wider stakeholders.

By entering Angola's industry, Afentra has made a pledge to play a long-term role in delivering its duties for the benefit of the country and its people. We have demonstrated our suitability as a partner by aligning ourselves with the full spectrum of the industry from Sonangol, the National Oil Company, through to smaller local companies. The opportunity set for Afentra to acquire operated and non-operated interests in quality assets in various stages of the development cycle provide a significant runway for Afentra to build a meaningful business in country and play an important role in delivering the industry transition that continues to be in the early stages.

It was in that regard that Afentra participated in the Angolan Onshore Bid Round, submitting bids for Blocks KON15 and KON19, located in the Kwanza onshore Basin, as a non-operating partner. We were subsequently selected in early 2024 as preferred bidder alongside ACREP, a local Operator with the requisite capabilities to make a suitable partner for Afentra in KON19 and with Sonangol in KON15. While this kind of earlier-stage onshore licence is not the typical opportunity that forms our strategic focus, the sub-surface opportunity is highly compelling, with Blocks lying adjacent to both legacy oil fields that are currently being appraised for potential re-development and existing infrastructure allowing rapid commercialisation. Furthermore, Afentra's participation in this process alongside local players continues to demonstrate its commitment to the Angolan industry and this commitment has been rewarded by being selected as preferred bidder for our preferred blocks and we are currently engaged with the Regulators to negotiate the licence terms.

Beyond Angola, Afentra continues to explore growth opportunities in target countries where we see market fundamentals that mirror our strategic objectives. Our entry into Angola through various deals has enabled us to assemble a diverse portfolio of production and development assets. The rapid build-up of a phased portfolio of activities is a good template that we would look to replicate with any new country entries in the future underpinned by our core strategic criteria in terms of value accretion, materiality and stakeholder alignment.

### Operations summary

The performance of Blocks 3/O5 and 3/O5A through the year validates Afentra's technical assessment of the upside potential in these assets and gives great confidence in the ability of the partnership to realise that value over time.

## >23,000 bopd

Block 3/O5 gross production in December 2023



As detailed in the Operational Review, the intervention programme is resulting in production optimisation and showing the effectiveness of the work programme that was rolled out last year, with 30 successful light well interventions completed in 2023, and a similar number of interventions planned for this fiscal year. With gross production of over 23,000 bopd in December, and a spot day rate in excess of 25,000 bopd, the Block 3/O5 asset is clearly responding well to the production optimisation initiatives and we look forward to a continuation of that program through this year.

As previously alluded to, Afentra seeks to play a proactive role in partnerships in which it holds non-operated positions and, since entering into the various SPAs, it has undertaken various feasibility studies to enhance the emissions profile of the field infrastructure. The enhancement of the environmental profile of all assets in which Afentra has exposure is a key strategic driver for the Company and we look forward to progressing our proposed initiatives along with our existing partners in Angola.

### Outlook

The Company has had an active start to the current fiscal year as we progressed the Azure transaction which completed in May 2024, received improved fiscal terms for the Punja Development Area in Block 3/O5A and were selected as preferred bidder for the two onshore concessions. As we progress through the year the focus will be to support the Block 3/O5 and Block 3/O5A partnership with the delivery of the work program planned for the year which we expect to deliver further production optimisation and deliver value through reserve replacement.

As a result of the ongoing work programme, we expect to deliver strong free cash flow from our portfolio which will demonstrate the transformative and value accretive nature of the transactions that we closed in the last 12 months. We also look forward to supporting the Operator with our proposed initiatives and solutions that enhance the environmental profile of Block 3/O5 as we seek to deliver that important aspect of our purpose and strategic intent.

In parallel, we continue to progress the business development opportunities that fit with our strategic ambition to build a multi-jurisdictional African focused E&P company that is well positioned to capitalise on opportunities that result from an accelerating industry transition across the continent.

In summary, 2023 was a highly active and value enhancing period for Afentra that provides a strong growth platform from which we feel confident that we can deliver sustainable value for our shareholders while delivering benefits for our wider stakeholders.

I'd like to conclude by thanking the Afentra team who have worked tirelessly on all fronts to deliver the Company's evolution, the shareholders for their support and patience through the complex regulatory processes required to complete these initial transactions, and our stakeholders in Angola with whom we have developed strong mutual respect and an effective working relationship that we hope to build on further as we demonstrate our investment into their energy sector and long term commitment to the country.

We look forward to updating the market as appropriate as we seek to deliver another year of growth and positive impact.

**Paul McDade**

Chief Executive Officer

30 May 2024

# 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 (whether operated or non-operated interests)

Generate robust cash flow

Have embedded growth opportunities

Are strategically complementary

## 2. Optimise and produce

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

Our focus 

Emissions reduction

Optimisation of facilities

Generation of healthy returns on investment

Performance transparency

## 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

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.

## Partnering for success

Afentra views developing successful and collaborative partnerships as being a critical aspect to the delivery of its growth strategy. Alongside the business model defined on the opposite page, the quality, reputation and capabilities of the partners are all key criteria considered within the business development strategy. The right composition and balance of interests, including both strong technical and commercial capabilities ensures alignment to achieve all stakeholders' common objectives.

While Afentra's long-term strategy is to acquire operated interests and leverage its deep technical expertise to optimise performance and maximise value, the initial deals that have seen Afentra enter Angola are all non-operated positions. When taking on non-operated interests, it is essential that Afentra aligns with a credible operator and obtains a meaningful interest in the venture to ensure the ability to have sufficient influence on decision making. Furthermore, Afentra will always adopt a technical led approach that seeks to add value to the operator and wider partnership that is supported by its own technical work in order to present initiatives that maximise asset value, that can deliver the objectives of optimising production by increasing recovery factors and improving environmental performance.

Afentra's strategy also focuses on obtaining a meaningful foothold in any market in which it is active. By ensuring relevance and building a strong profile as a credible player with a commitment to the wider objectives of the host government and local industry, Afentra is able to position itself as a counterparty of choice. This in turn results in exposure to a wider range of opportunities as the host government, NOC, regulators and local players recognise the significant value that Afentra brings to any partnership.

### Non-operated considerations

- Strategic alignment on asset outlook and sustainability agenda.
- Only aligning with operators with proven capabilities.
- Materiality of interest to ensure relevance and influence.
- Ability to influence through leveraging of technical expertise.
- Partner credibility and ability of all partners to fund exposure to the work programme.
- Commitment to long-term presence in target countries through industry participation and alignment with local partners and other stakeholders.

### Afentra's value-add to operating partners

- Strong operating capabilities within the Group.
- Deep technical expertise across production, A&D and exploration activities.
- Unwavering focus on a progressive sustainability agenda.
- Tier-one governmental and industry network across Africa.
- Ability to undertake technical work and propose operating initiatives and techniques designed to optimise production, reduce emissions and extend asset-life.

# Material non-operated interests in Block 3/05 and Block 3/05A offshore Angola, provide Afentra with a significant platform for future growth with investment



Ian Cloke, Chief Operating Officer

## Material interests in high quality assets

2023 was a transformative year for Afentra with the Company formalising its entry into Angola with the acquisitions of material non-operated interests in the offshore Blocks 3/05 and 3/05A from INA and Sonangol. The Blocks, located in the southern Congo Basin are high quality, shallow water, production assets with stable and robust cash flows with significant growth potential from production optimisation and near-field development prospects. The result of completing these two deals meant Afentra's interests in Blocks 3/05 and 3/05A at year end stood at 18% and 5.33% respectively. Post period end, having received approval from the Angolan Government the Company completed the Azure Acquisition increasing its non-operated interests in Blocks 3/05 and 3/05A to 30% and 21.33% respectively.





# Asset Summary

continued

## 2023 Gross Production



# 20,180 bopd

(2022: 18,700 bbl/d)

## Gross 2P Reserves



# 106 mmbbls

(Reserves replacement 150%)

### Supporting and working collaboratively within the JVs

The Blocks are operated under PSAs by two joint ventures (JVs) with a common Operator, the national oil & gas company Sonangol. Since 2022 the Afentra team has developed a close working relationship with Sonangol and the JV partnerships, actively contributing to all workshops, technical meetings and operational meetings as well as conducting offshore site visits to the extensive infrastructure located on Block 3/O5. Our aim is to work collaboratively and proactively with the JV and other industry stakeholders in Angola, leveraging our deep industry expertise to optimise production operations, re-develop the asset, explore new development opportunities and reduce emissions from the fields.

### Production optimisation and increased reserves in 1H 2023

We were pleased to report that in 2023 field production in Blocks 3/O5 and 3/O5A increased by around 8% to an average of 20,180 bopd with an exit rate in December 2023 exceeding 23,000 bopd and peak rates of in excess of 25,000 bopd, ahead of the budget of 18,500 bopd. This uplift in production was achieved through a combination of an increased operational uptime of 87% in 2023, the successful delivery of 30 light well interventions ('LWIs') and increased water injection volumes.

The result of these efforts was reflected in gross 2P reserves for Block 3/O5 increasing to 110 mmbbls<sup>1</sup> and a reserve replacement ratio of in excess of 150% in the first half of 2023. These reserves are from existing producing fields so do not rely upon the construction of new infrastructure which limits incremental emissions. In addition, the base opex associated with the assets was \$23/bbl, providing headroom for further opex to upgrade infrastructure to extend field life and increase production.

### Continued momentum to maximise the value of the assets in 2024

Based on the success of the 2023 LWI program coupled with activities to deliver steady and increasing water injection rates, further investment will be made in 2024 toward production optimisation. This investment will be focused on an additional

LWI program of 30 wells and further upgrades to the water injection systems. Additional production enhancement is also possible by utilising artificial lift solutions such as electrical submersible pumps ('ESPs') and Afentra is taking the lead on technical studies and making proposals to the joint venture regarding its application in selected wells. Going forward infill drilling, development of appraised discoveries and near field exploration provide the opportunity to significantly increase production in the medium term.

### Long-term field life extension and focus on reduced emissions

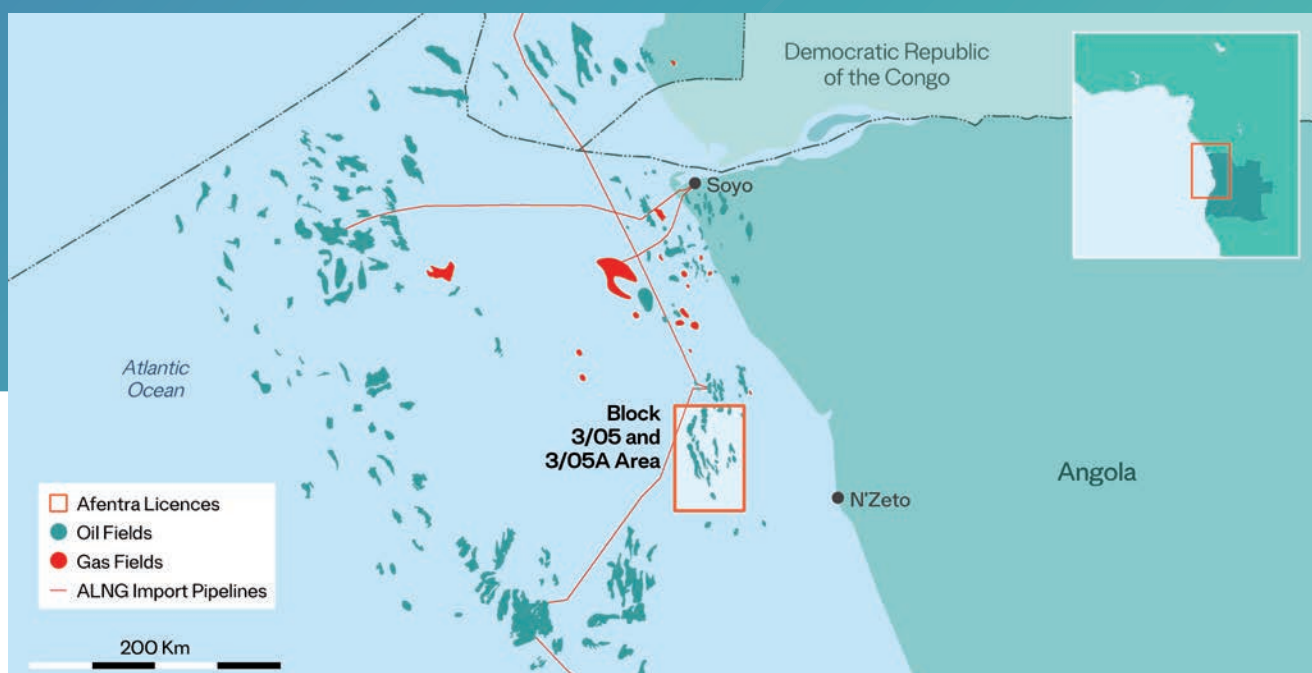
The extension of the Block 3/O5 licence through to 2040 alongside improved fiscal terms has supported the JV's decision to make further investments in the infrastructure in order to extend the field life of the assets. The bi-annual shutdown, which will take place in the second half of 2024, will provide an opportunity to undertake maintenance and upgrades on the field power systems. This is an important initial step to upgrade the existing infrastructure to deliver safe, secure and reliable production for a further 20 years, resulting in long-term value for all stakeholders.

In 2023, \$56 million (gross) was invested in life extension activities with a further \$97 million (gross) to be invested in 2024.

Afentra is pleased to report that early progress has been made during 2023 on emissions management with the installation of new reliable power generation capabilities enabling the substitution of diesel with gas which has resulted in reduced emissions. A drone survey was undertaken in November 2023 covering all of the Block 3/O5 offshore infrastructure with the objective to identify fugitive emissions and to assist in quantifying flaring to better define the emissions profile of the asset. In addition, emissions metering systems will be installed during the bi-annual shutdown to establish an accurate baseline to inform emission reduction initiatives going forward. This forms part of a holistic gas management program to identify, measure and reduce greenhouse gas ('GHG') emissions.

<sup>1</sup> Gross 2P Reserves based on 30 June 2023 CPR by ERCe.





### Material near field development opportunities in Block 3/05A

In Block 3/05A the extended production test on Gaz-101 that began in March 2023 is set to continue, enabling further definition of the development concept for the Caco-Gazela discovery. The deployment of a downhole gauge is being used to monitor the pressures which can then be used to interpret connected oil volumes and assist in selecting the appropriate development concept for the Caco-Gazela fault blocks.

In addition, post period following a request by the Block 3/05A partnership the Government of Angola have declared the Punja Development Area located in Block 3/05A as a marginal discovery. As a result, the applicable fiscal incentives will be applied to this discovery, significantly enhancing the commercial value of this potential development.

The existing Block 3/05 infrastructure provides the opportunity for production growth potential through lower emission near field tie-back developments. The JV partnership continues to review a number of these opportunities working toward value generating appraisal and development proposals.

### Onshore blocks with low-cost development potential

Afentra submitted bids, as a non-operating partner, for onshore Blocks KON15 (1,000 km<sup>2</sup>) and KON19 (900 km<sup>2</sup>) as part of the 2nd Kwanza Licensing Round launched in 2023 by ANPG. In early 2024, Afentra was chosen by ANPG as a preferred bidder for 45% interest in both Blocks and is now engaging with the respective Operators of KON15: national oil company subsidiary, Sonangol P&P; and KON19, Angolan independent,

ACREP, to discuss the engagement with the relevant authorities to negotiate the licence terms.

These two Blocks which are located adjacent to legacy fields that are currently being re-developed, offer an excellent opportunity to secure acreage over prospects that have follow on potential within the prospective post-salt and pre-salt formation plays in this area. Using legacy datasets these prospects and leads can be readily explored or appraised, which should lead to short cycle development opportunities to bring on production within short timeframes.

These licences will expand Afentra's footprint in this attractive Angolan market by diversifying our portfolio which is principally focused on low cost, long-life stable production and low-risk development assets.

### Value driven growth

In conclusion, Afentra has made substantial progress in 2023, securing material non-operated interests in two high-quality assets, and demonstrating its commitment to working collaboratively within its JV partnerships and with other industry stakeholders. On Blocks 3/05 and 3/05A the successful light well intervention project coupled with the increased reliability of water injection during 2023 has resulted in a realisation of the potential upside of the assets and over 150% reserve replacement in the 1H of 2023. In 2024 the operational activities and planning for future work programs will build on this early success and lay the foundations for continued production growth for many years ahead.

# Block 3/05

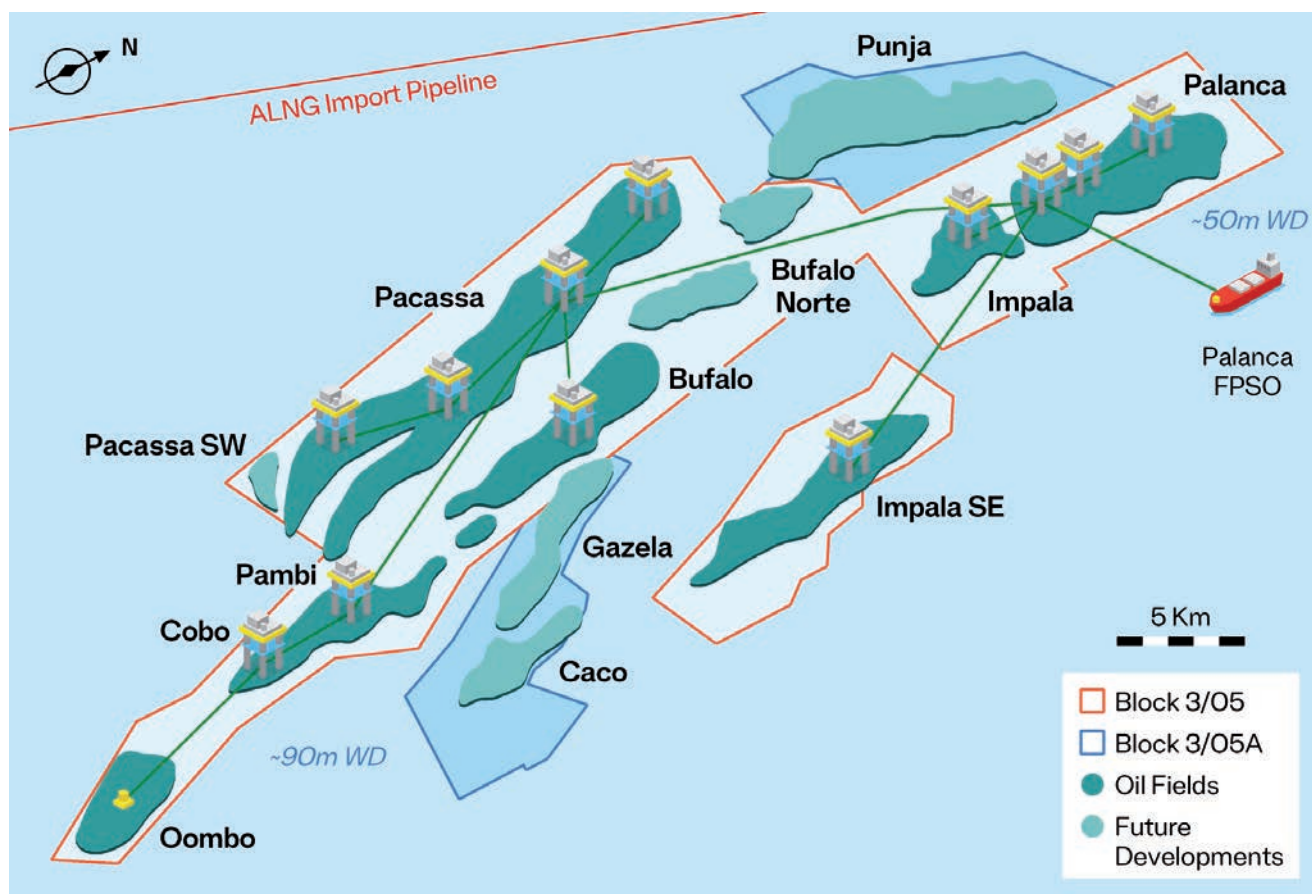
### Long life material assets with significant remaining potential

Blocks 3/05 and 3/05A are located in the Lower Congo Basin and consists of nine producing fields (Palanca, Impala, Impala SE, Bufalo, Pacassa, Cobo-Pambi, Oomba and Gazela) which all produce from the prolific fractured Albian Pinda carbonate reservoir. The Blocks also contain the appraised but undeveloped discoveries, Punja, Caco and Bufalo Norte. Total oil in place across the Blocks is in excess of 3.5 Billion Barrels, of which 1.35 billion barrels have been produced to date. The fields, which are located in shallow water (40-100m) and 37km from shore, were discovered by Elf Petroleum (now part of TotalEnergies) in the early 1980s. Development was by fixed platforms, with first oil in 1985, and through the successful implementation of waterflooding to enhance recovery.

The national oil company Sonangol assumed Operatorship in 2005 and has since focused on sustaining production through workovers and maintaining asset integrity. The asset has a diverse portfolio of over 150 wells and currently produces from around 40 production wells and has 16 active water injectors. The facilities include 14 well-head and support platforms, four processing platforms, a logistics and living quarter barge and 3 subsea wells. Oil is exported via the Palanca floating storage & offloading ('FSO') vessel.

### Increased Production

In 2023 full-field production (including Block 3/05A) increased by around 8% to an average of 20,180 bopd with an exit rate in December 2023 of greater than 23,000 bopd with peak



Block 3/05 and 3/05A licence map

## “Progress was made in 2023 on understanding the carbon footprint of the assets and ways to mitigate and reduce the emissions.”

rates of in excess of 25,000 bopd, due to the combination of increased operational uptime, a successful LWI campaign, and increased water injection volumes.

The LWI campaign carried out during 2023 involved successfully re-entering 30 wells to carry out matrix and tubing washes, and to perform water shut offs and re-perforations. The LWIs resulted in an average gain of around 140 bopd per intervention with an average payback of less than 6 weeks. This quickly realised incremental production clearly demonstrated the benefits and potential that can be achieved through low cost well interventions on these fields.

In addition, the investment in water injection upgrades has doubled injection rates since 2022 with December 2023 rates reaching ~42,000 bwipd with further significant improvements expected in 2024. Growth in the volumes of water injected is expected to positively impact oil production in the medium term as reservoir pressure increases.

The result of these efforts was reflected in our 2P Gross reserves increasing to 110 mmbbls as of 30 June 2023 and a reserve replacement ratio of in excess of 150% in the first half of 2023. These reserves are from existing producing fields so do not rely upon the construction of new infrastructure which limits incremental emissions. The base opex associated with the assets is attractive at \$23/bbl in 2023.

### Strategy to identify, measure and reduce emissions

Progress was made in 2023 on understanding the carbon footprint of the assets and ways to mitigate and reduce the emissions culminating in a drone survey over the Block 3/05 infrastructure to carry out a detailed methane detection and measurement inspection. The results of the drone survey

will inform the JV's efforts to enhance the environmental performance of the assets over time. An accurate flaring emissions baseline dataset will be compiled once new metering is installed across all of the platforms later in 2024.

### Non-operated Interests

Both Block 3/05 and 3/05A are operated under PSAs. In 2023 the Block 3/05 PSA was extended to 2040 with enhanced fiscal terms. The Block 3/05A PSA expires in 2035 having commenced in 2015 and could be extended if production is still ongoing. Post period end the Punja Development Area in Block 3/05A fiscal terms were enhanced following its approval as a marginal discovery by the Angolan Government. Both Block 3/05 and 3/05A are operated through JV partnerships, the interests following completion of the Azure Acquisition in May 2024 are:

#### Block 3/05

Company	Interest
Sonangol (Operator)	36%
Afentra	30%
M&P	20%
ETU Energias	10%
NIS Naftagas	4%

#### Block 3/05A

Company	Interest
Sonangol (Operator)	33.33%
M&P	26.67%
Afentra	21.33%
ETU Energias	13.33%
NIS Naftagas	5.33%

### Block 3/05 Average Production 2023



# 19,210 bbl/d

(2022: 18,700 bbl/d)

# Block 3/05 Work Programme



The approval of the licence extension of Block 3/05 until 2040, including improved fiscal terms, has unlocked investment in field life extension to realise the additional potential in the assets. This consists of increasing water injection capabilities and other infrastructure upgrades to enhance operational reliability and uptime, as well as optimising production through targeted well interventions, usage of artificial lift solutions, infill drilling and the development of appraised discoveries.

#### **Water injection and infrastructure upgrades to extend field life**

During the history of the fields water injection has been successfully implemented as an enhanced oil recovery (EOR)

technique across 7 of the 8 fields. Water injection reached a peak rate of approx. 366,000 bwipd in November 1999. Water injection slowed and ceased entirely during the oil price downturn of 2015/16 due to a lack of investment. Water injection recommenced in 2021 (although only intermittently).

In 2023, Sonangol successfully delivered infrastructure upgrades and improvements that resulted in increased uptime across the water injection system. Water injection rates more than doubled year on year (averaging ~33,000 bwipd in 2023). The JV is targeting a further year-on-year doubling of injected water in 2024 and medium term to achieve in excess of 150,000 bwipd. This improved water



# 4,000 bopd

## 2023 Production Uplift



injection is expected to positively impact oil production in the medium term as the reservoir pressure increases. Later in 2024 there will be a field wide shut down to allow further field life extension upgrades including the installation of upgraded metering capabilities.

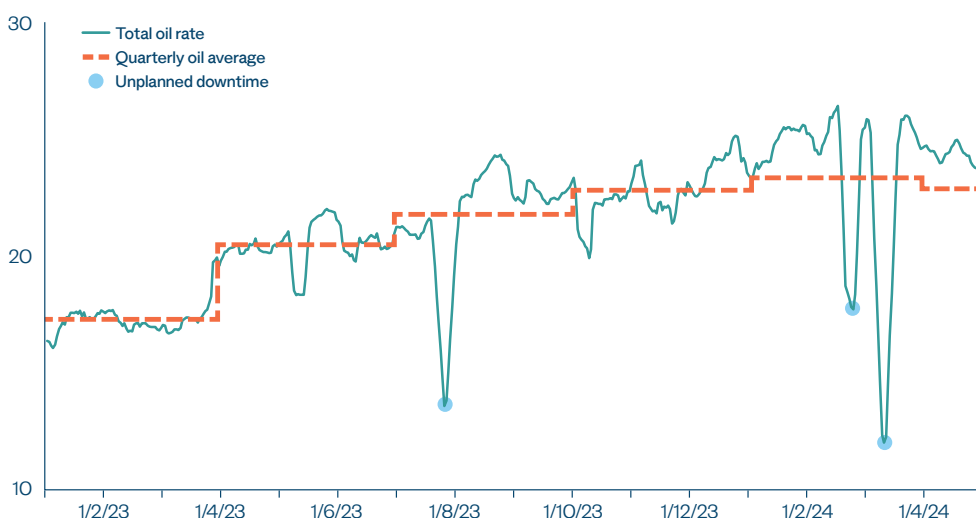
### **Growing the asset whilst focusing on reducing emissions**

As discussed, in the Sustainability section of the annual report, we believe there are a large number of potential opportunities for reducing the relative emissions intensity and have worked with the Operator and JV partnership to prioritise these. In Q1 2023, gas was substituted for diesel with the installation of new power generation capabilities.

In Q2 2023, Afentra organised and led a gas management discussion with the Operator who are now developing further the implementation of a holistic gas management program. In Q4 2023, a drone survey was completed to carry out methane detection and measurement across the field infrastructure. New flare metering will be installed as part of the planned shutdown in the second half of 2024, increasing the accuracy of emissions measurements so as to establish an accurate baseline to use going forward. This all contributes to Angola's vision of zero flaring by 2030. This is challenging for a mature asset with aging infrastructure, but Afentra and the JV are firmly committed to a holistic gas management program that targets tangible reductions in emissions.

# Block 3/05 Work Programme

## Oil Rate kbopd



**30**  
Activities

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~4,000 bbl/d  
Production gain

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~\$15m  
Cost

---

**30**  
Further LWIs in 2024

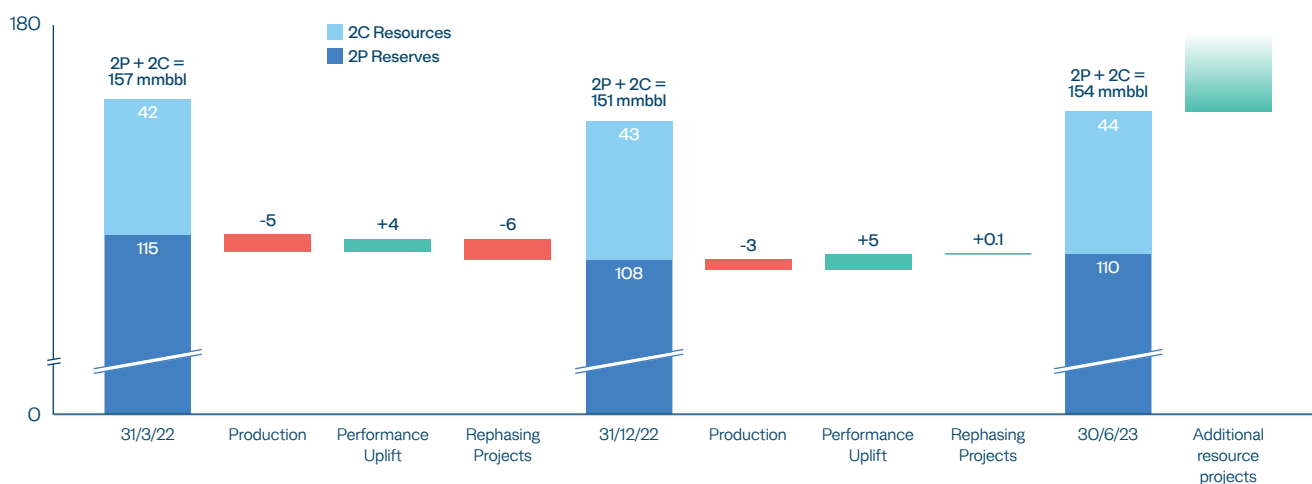
## Light Well Interventions

In 2023, an initial phase of 30 Light Well Interventions ('LWI') were successfully completed. A further phase of 30 interventions commenced in September 2023 and are ongoing. To date this LWI program has delivered on average an additional 140 bopd per intervention at an average cost of \$420,000 each, delivering incremental production and gross daily production rates exceeding 21,000 bopd during

the second half of 2023. At current oil prices these LWIs pay back in less than 6 weeks. Gross production for the first four months of 2024 has averaged 23,000 bopd.

Further opportunities have been screened and will be ranked into future programs to sustain the base production. These future LWIs will also include gas lift change out of selected wells to further optimise production.

## Gross Reserves and Resources (mmbbl)

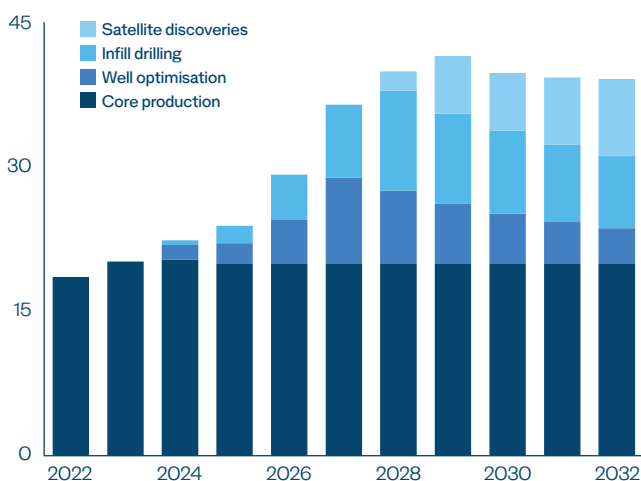


ERC Equipoise Ltd ('ERCE') conducted an updated CPR effective 30 June 2023, with the results illustrated in the waterfall chart. Reserves replacement was in excess of 150% in the first half of 2023. 2C Gross Resources were 44 mmbbls. Gross Production through 2H of 2023 was a further 3.75 mmbbls leading to a Gross 2P of 106 mmbbls at year end 2023. Production performance through 2H 2023 has been excellent and this data has not been incorporated into an updated CPR but will be added in the 2024 reserves updates.

**Growing the base production**

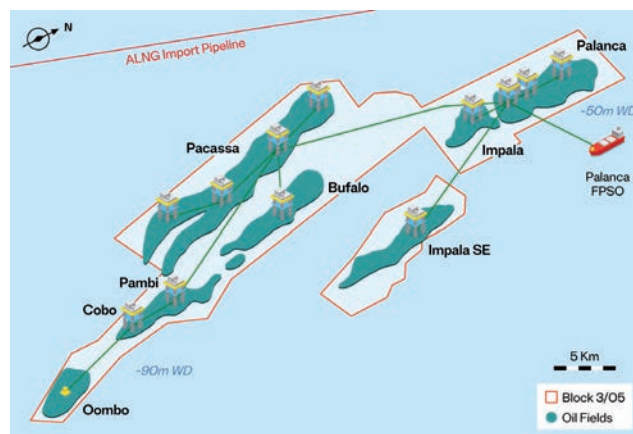
In 2024, planning continues on the next phase of activities targeting continued production growth. This will consist of an initial phase of installing artificial lift in the form of ESP's and heavy workovers with an investment decision in 2H 2024. A further phase of investment will consist of infill wells and development of appraised discoveries.

**Oil Rate kbb/d (Gross)**



**Artificial Lift project and Heavy Workovers**

The aim of the installation of artificial lift with ESPs in the initial phase is to return production from shut-in wells that are unable to flow naturally. More than 30 opportunities were screened and 10 have been selected as tier 1 and 2 candidates. These projects are not currently in the reserve base.



Block 3/05 development area

Heavy workovers, such as gas lift change out, will enable additional existing well stock performance improvements. Sidetracks of existing wells will target bypassed oil pay. These activities are expected to grow near term production and will add incremental reserves.

**New Wells**

Longer cycle potential associated with infill drilling campaigns and access to shallower oil pools in the Labe and Malemo reservoirs are under consideration to further grow production and reserves. Over 20 opportunities have been identified across Block 3/05. These consist of infill wells in fields to target undrained fault compartments, development of appraised discoveries and near field wildcat wells.

**Infrastructure Led Exploration (ILX)**

The JV partnership have identified a significant opportunity adjacent to the Pacassa field. A well is being planned which when drilled, if successful, will be brought on stream immediately through the existing infrastructure. The JV partnership are re-processing existing legacy seismic data with the aim of identifying further targets and a modern 3D Seismic acquisition program may be considered.

# Block 3/05A

Block 3/05A, which is located adjacent to Block 3/05, contains the un-developed Punja, Caco and Gazela discoveries with an estimated in place resource of 300 mmbbls (STOIP). The gross 2C resources estimated by Afentra is 33 mmbbls.

The Gazela field has been produced since 2015 by one well, with approximately 2.4 mmbbls recovered prior to a wellbore shutdown in 2017. Production was restored at the Gazela field in March 2023 with the Gaz-101 well averaging gross 970 bopd through 2023. Average production for January to March 2024 has been ~1,300 bopd. This extended production test will help to establish the long-term resource potential and appropriate development strategy. Development concepts for the Caco-Gazela and Punja discoveries are being progressed with a focus on balancing near term production growth, and the phasing of investment, alongside maximising value.

The existing Block 3/05 infrastructure and synergies with the application of fit for purpose technology provides the opportunity for production growth potential via tie backs. Our multi-disciplined team is taking a holistic view of Blocks 3/05A and 3/05 together, working with the Operator and JV partnerships to progress these opportunities towards value generating appraisal and development targets. Full field

**“Full field production of these discoveries could result in an incremental production of ~10,000 bopd.”**

production of these discoveries could result in an incremental production of ~10,000 bopd, which could be handled by leveraging the existing infrastructure.

Given the high gas oil ratio ('GOR') of the Punja field reservoirs, an integrated gas management plan across both Blocks 3/05A and 3/05 is essential to optimise the responsible development of these oil and gas resources. In line with our stated environmental commitments, all alternatives to flaring excess gas from additional developments will be evaluated with the JV before proceeding to sanction future projects. There are a number of zero routine flaring options that will be evaluated, including commercial export of excess gas via the Angola LNG ('ALNG') network which is located in close proximity to existing infrastructure, or gas re-injection into existing field reservoirs. At Punja, subsea and dry-tree platforms are being screened to establish the appropriate development concept. Both of these options will require further review and a potential upgrade of the existing compression infrastructure.

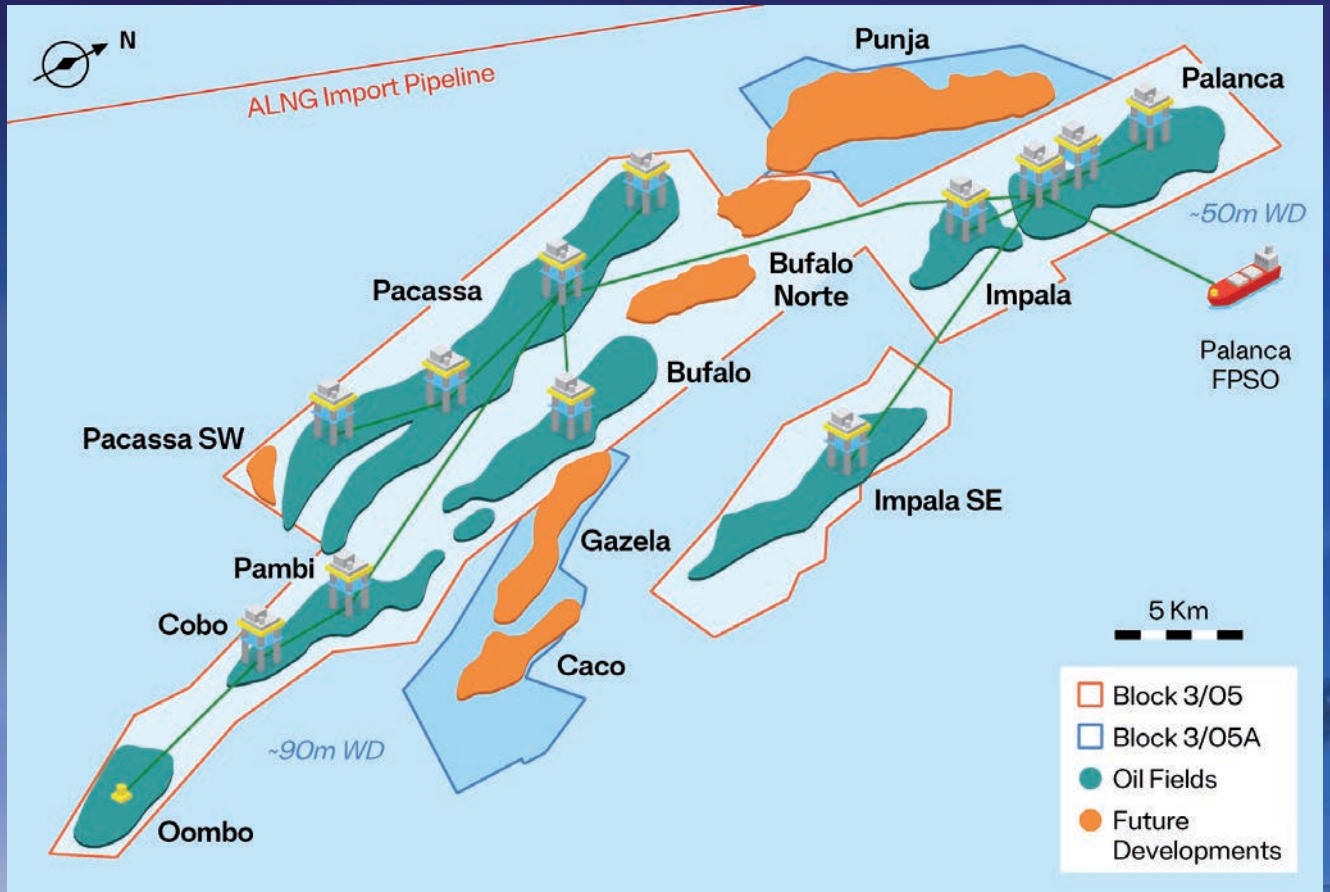


Block 3/O5A STOIP



# 300 mmbbo

(1% recovery to date)



Block 3/O5A future developments



# Angola and Somaliland

In Angola, Afentra also holds a 40% non-operated interest in Block 23, a deepwater exploration licence with a proven hydrocarbon potential and no outstanding work commitment. Afentra also holds onshore Angola non-operated interests in two Blocks KON15 (45%) and KON19 (45%). Post period the KON19 PSA has been agreed and initialled by all parties and now awaits Presidential Decree.

In Somaliland, the Company currently retains a 34% non-operated interest that is fully carried on the onshore Odewayne exploration Block that is operated by Genel Energy.

## Angola, Onshore Blocks KON15 and KON19

As part of a Public Tender process launched by ANPG, Afentra submitted bids for Blocks KON15 (1,000 km<sup>2</sup>) and KON19 (900 km<sup>2</sup>) located in the Kwanza onshore Basin and post year end was informed that it has been selected as the preferred bidder for 45% equity in both Blocks.

The onshore Kwanza basin, covering 25,000 km<sup>2</sup> is an under-exploited, over-looked proven hydrocarbon basin that has numerous oil fields and discoveries dating back to 1955. The basin produced over 15,000 bopd in the 1960's and 1970's from post-salt traps. Onshore activity declined and ceased during the instability of the Angolan civil war after which the focus moved to offshore oil and gas field development.

Both KON15 and KON19 Blocks were high graded by Afentra as they have good signs of a working petroleum system. They contain wells that were drilled on salt structures with light oil recovered to surface in one well and oil shows in others from post and pre-salt reservoirs. The Blocks are adjacent to both legacy oil fields that are currently being appraised for potential re-development and existing infrastructure that will allow for rapid commercialisation.



Miradouro da Lua cliff section: Late Miocene to Pleistocene outcrops onshore Kwanza Basin.



### Block KON-15

Company	Interest
Sonangol P&P (Operator)	40%
<b>Afentra</b>	<b>45%</b>
Currently unassigned	15%

### Block KON-19

Company	Interest
ACREP (Operator)	45%
<b>Afentra</b>	<b>45%</b>
Enagol	10%

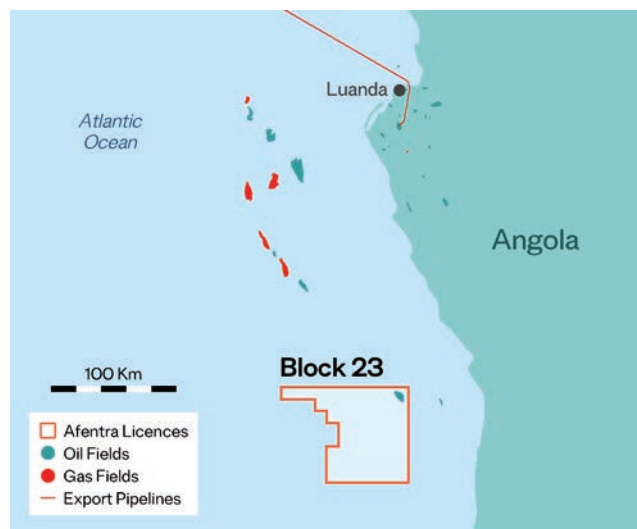
## Angola, Block 23

Block 23 is a 5,000 km<sup>2</sup> exploration and appraisal Block located in the Kwanza basin in water depths from 600 to 1,600 meters and has a proven working petroleum system. Whilst the large Block is covered by modern 3D and 2D seismic data sets, with no outstanding work commitments remaining, much of the Block remains under-explored.

The Block contains the Azul oil discovery, the first deepwater pre-salt discovery in the Kwanza basin. This discovery made in carbonate reservoirs has oil in place of approx. 150 mmbbls and tested at flow rates of approx. 3,000 - 4,000 bopd of light oil.

### Block 23

Company	Interest
Sonangol (Operator)	60%
Afentra	40%



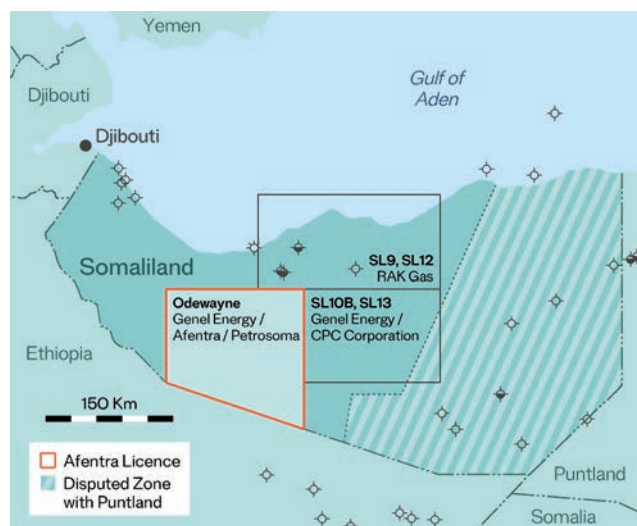
## Somaliland, Odewayne Block

The onshore Odewayne Block in Somaliland is an unexplored frontier acreage position covering 22,840km<sup>2</sup> offering the opportunity to explore an undrilled onshore rift basin in Africa.

During 2023 the Operator and Afentra collaborated to update their understanding of the petroleum systems and undertook satellite seep studies. Analysis of seeps and the Bahadhamal water well have confirmed the presence of trace hydrocarbons and that the upper Jurassic is the likely source rock and potentially mature in the sub-surface. The next phase of evaluation of this large licence is being considered to further understand the petroleum system and exploration potential.

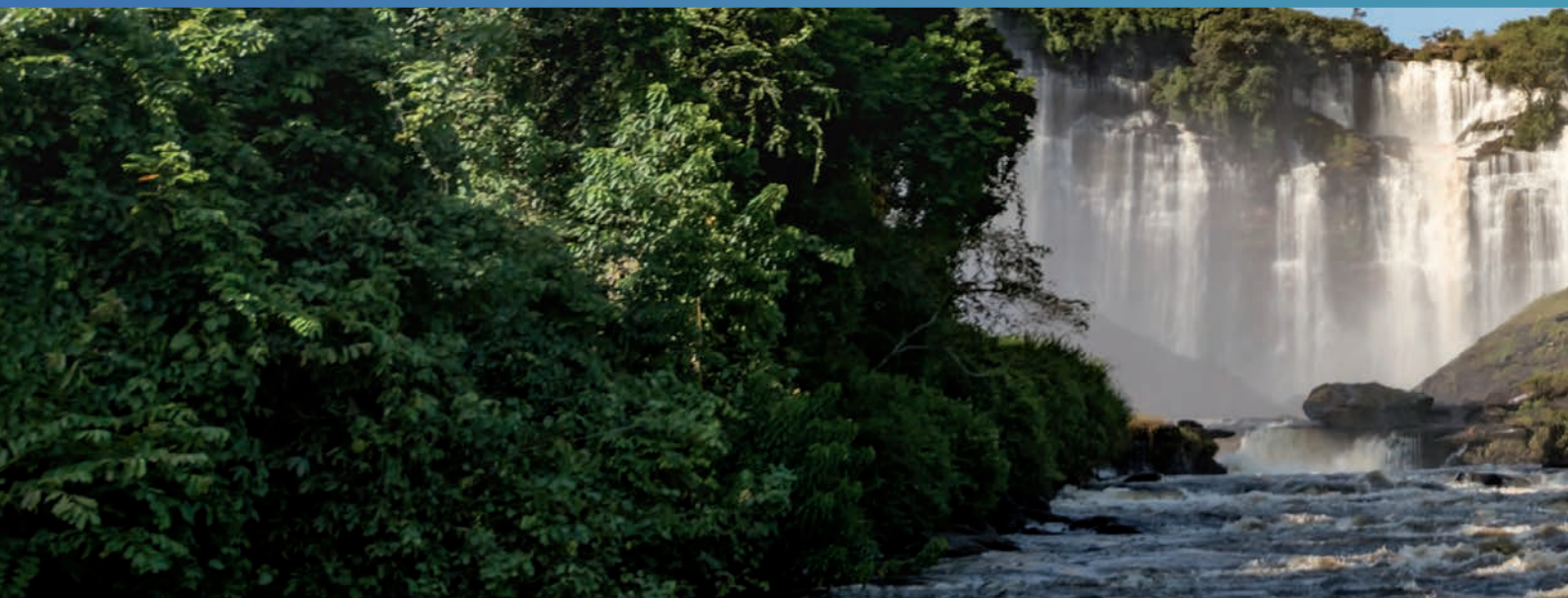
### Odewayne Block

Company	Interest
Genel Energy Somaliland Limited (Operator)	50%
Afentra (East Africa) Limited	34%
Petrosoma Limited	16%



# Afentra is committed to positive socio-economic and environmental outcomes, with the responsible stewardship and investment in assets

Going beyond the mandatory requirements of an AIM listed company, the information incorporated within this sustainability review is the result of the Company's continued engagement with internal and external stakeholders and is informed (but not compliant with) by the reporting guidelines of the Global Reporting Initiative ('GRI'), Sustainability Accounting Standards Board ('SASB') and the Task Force on Climate-related Financial Disclosures ('TCFD').



### Embedding ESG across our activities

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

In 2022 we shared the importance of shining an ESG lens on M&A opportunity screening. This remains vital whilst reviewing and maturing potential acquisitions. We continue to assess opportunities on social and environmental factors, health

and safety and climate-related matters alongside technical, operational and commercial aspects.

Building on the relationships established across the Joint Venture, our team have continued to assess and understand the ongoing emissions of Block 3/O5 and Block 3/O5A. An integrated Emissions Reduction workstream was initiated and led by Afentra, involving contributions across multiple disciplines to frame a number of various scenarios. A high-level review of asset emissions was undertaken and identified flaring as the major contributing factor. Within the operations multiple opportunities to reduce flaring including gas recovery, utilisation and re-injection have been identified and are now all under review.



### Assessing our impacts

Having completed both the INA and Sonangol transactions during the course of 2023, we now have access to more meaningful ESG data and are pleased to continue building the ESG picture of our activities within this Annual Report.

Our intention was to share the key ESG metrics from our Joint Venture operations in this year's Annual Report. After a thorough and collaborative evaluation of the current metering system it was assessed that the flare volumes being measured were not of sufficient accuracy to be used for reporting purposes, and that an upgrade to the metering equipment was required. Based on the results of this assessment Afentra has worked closely with the Operator

to develop a significant flare-meter upgrade program for the whole asset. The forward plan is that these meters will be installed and operational by the end of 2024 allowing a baseline understanding of flare rate, composition and resulting emissions. The screening of other opportunities for flare reduction has already been discussed amongst the Joint Venture and plans to develop these will be prepared throughout the course of 2024.

In addition, in Q4 2023, a comprehensive drone survey was conducted over the Block 3/O5 infrastructure to identify and measure fugitive emissions. The results from this survey will feed into a holistic gas emissions management program to reduce GHG emissions from the infrastructure.

## Drone survey of GHG emissions completed



The wider HSE performance of our London-based team and associated travel can be shared. Whilst of relatively low impact, during the course of 2023, the Scope 2 emissions of our London office focused on electricity used for heating and cooling and recorded an annual power consumption of 44,139kWh which equates to 9,931kg CO<sub>2</sub>e based on standard UK grid electricity conversion factors. We continue to explore strategies and initiatives to reduce energy consumption across our operations, aiming for overall efficiency improvements within the business. Travel remains a key contributor to our emissions and tracking our corporate travel during the year generated 403,422kg CO<sub>2</sub>e of emissions. Recognising this environmental impact, we are actively seeking ways to offset its impact through a variety of projects. With a firm footing in Angola, our focus is on identifying such opportunities within our host country.

Through the course of 2023, we enhanced our approach to managing the key health and safety risks across our activities and have taken a proactive approach to managing these risks ensuring they are understood and minimised. Our engagement with the Operator on health and safety risks has developed in a number of ways including our participation in a multi-day leadership visit offshore to Block 3/O5 to fully understand current asset integrity and process safety fundamentals, developing the operational aspects of the corporate risk register and carrying out a review of key incidents reported over the year.

### Growing our People

In line with the Company's growth ambitions, during the course of 2023 our workforce grew by over 10%, attracting high calibre candidates across a variety of key roles. Diversity and inclusion remain core values of the Company and, in addition to having eight nationalities represented among our core staff, we have also improved our gender equality over the year with 38% of our staff being female and achieving a 33% representation of females at Senior Management level.

### Making a meaningful contribution

Throughout 2023, in line with our commitment to improve lives and increase socioeconomic development within Angolan communities, Afentra reviewed and scoped high-impact social

## Flare meter upgrade programme agreed for 2024



and environmental projects for future investment. A number of key projects have been identified which are now being thoroughly assessed with the appropriate due diligence being carried out. As a result, the Board has approved a budget for such projects to be implemented in 2024. The expectation is that at least one key project will have been selected and funded by the end of 2024.

In addition, our successful selection for Blocks KON19 and KON15 is based on a defined Work Programme which includes a commitment to make \$100k investment per year (over the 5-year Licence Term) on social projects in each Block. Work has already commenced with the relevant Operators and ANPG to screen and rank potential projects during the course of 2024.

### Operating with Integrity

In early 2024, we updated our Code of Ethics and Business Conduct ('Code'), demonstrating our ongoing commitment to maintaining high governance standards. The Code contains our Guiding Principles and describes the positive behaviors that we expect from everyone involved in our business. Afentra maintains a zero-tolerance approach to Anti-Bribery and Corruption (ABC), and we had 100% completion by all employees and contractors of our ABC training module in 2023. Afentra continues to work hard to maintain our standards of governance and in 2023 we strengthened our board with the appointment of Thierry Tanoh as an Independent Non-Executive Director and Chairman of the Audit Committee. This was another demonstration of our intent to have high calibre Directors given his previous roles as Minister for Energy in Cote d'Ivoire and senior roles at IFC. We continued to review our policies and procedures all of which were updated in 2023 as part of the RTO process and further improved at the start of 2024.

The Board has continued to look into the merits of becoming a corporate signatory to EITI since transparency is at the heart of the Company.

**Ian Cloke**  
Chief Operating Officer

30 May 2024

## Our ESG Approach

### Working Safely



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

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

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

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

We plan and prepare for potential emergencies.

### Environmental Stewardship



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

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

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

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

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

### Cultural Framework



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

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

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

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

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

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

### Partners for success



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

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

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

## Our process for responsible asset management

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



#### Assess

In selecting the right asset, we:

Engage with operators that share our high values/standards

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

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

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



#### Plan and Prioritise

Upon engagement, determine:

Opportunity roadmap for emissions reduction projects

Set goals and interim milestones for both flare and methane reduction

Training and competence of staff

Set KPIs to manage the HSE performance



#### Execute

We will deliver by:

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

Ranking high impact projects proposed for execution

Enabling investment into decarbonisation projects

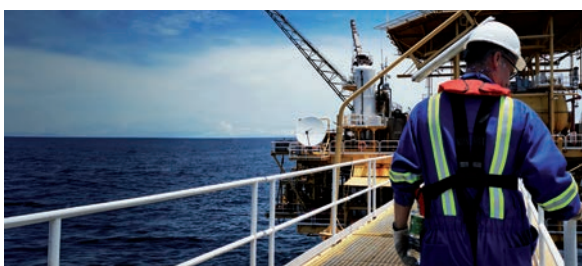
Providing proactive performance and activity oversight



## Responsibility In Action

### Spotlight on Offshore Safety Operations

Following a comprehensive internal review of the HSE performance on Block 3/05, Afentra conducted an additional review of all incidents reported during the year with additional focus on those registering as having a higher potential for escalation. Continuing with our transparency, the output from this review including the key areas of risk was shared with the Operator and followed up with an offshore site visit by senior Afentra personnel. This had a positive impact on the operations and helped to demonstrate our proactive and collaborative approach with the Operator and set the scene for how we choose to engage as a non-operating partner.



### Operational Health & Safety

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

As a result of this review we found:

- An effective health and safety system monitoring standard industry benchmarks (TRIF & LTI).
- A multi-year asset integrity plan in place with key LifeEx project kicked off in 2023.

- A positive historical HSE performance.
- The assets continue to deliver zero Lost Time Incidents (LTIs) with none recorded for over 1500 days.
- A strong focus on maintaining asset uptime to deliver long term integrity and safe production.

### Environmental Management

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

We worked with the Operator and partners to assess the present Health & Safety and Environment indicators at the assets and recommendations for further improvement:

- The assets are maintaining high standards recording another 12 month period with zero spills (>1bbl).
- The oil in water (OIW) discharge averaged 24ppm throughout 2023 which was higher than the 19ppm recorded in 2022, corresponding with a significantly increased liquid production. A future project has been identified to address improvements in the produced water handling system, which will bring OIW discharge down, at higher liquid rates.
- Flare metering upgrades are planned for 2024, allowing baseline flare calibration; a significant first step in achieving zero routine flaring by 2030.
- An extensive methane leak detection survey was carried out across the asset using innovative drone technology to establish methane baseline data.
- Multiple workstreams have been identified to improve gas utilisation and reduce emissions within the asset.

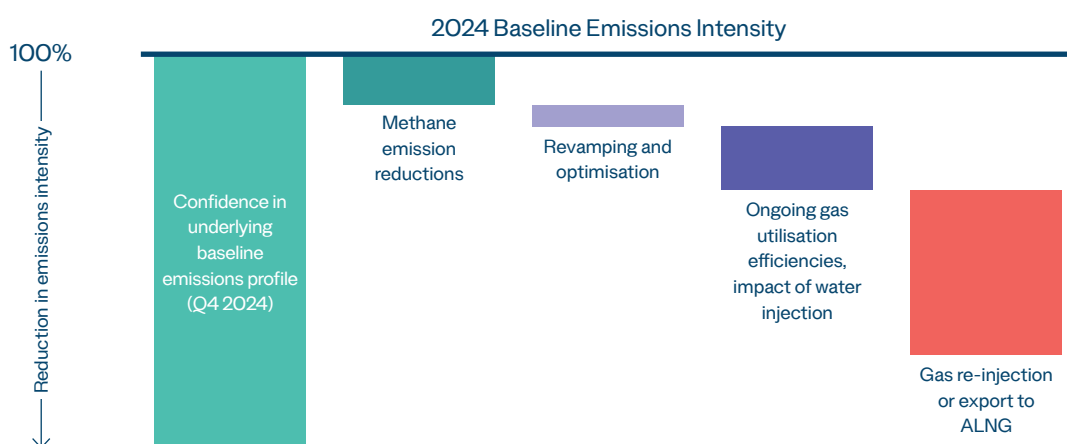
## Environmental transparency and emissions reduction strategies

Building on our initial broader assessment in 2022, last year we focused on refining and defining specific areas for improvement across the Angolan assets. In Q2 2023, Afentra proactively engaged with the Joint Venture to build on the previous work and to ensure that the emissions reduction agenda was clearly established and that all parties were engaging in the process to ensure sufficient resourcing for the expected activities. The Afentra team remained central to this initiative and engaged across the Joint Venture, building momentum and delivering a range of tangible solutions. Whilst

it is acknowledged that we need to encourage this positive change, moving forward we remain confident that the skillsets within Afentra can continue to enhance partner engagement to bring a successful and meaningful emissions reduction strategy into reality.

An integrated gas management plan has been instigated and, although at an early stage, this plan strives to bring together multiple cross-function workstreams to generate a holistic vision for emissions reduction across Block 3/O5 and Block 3/O5A.

Activity	2023	2024	2025	2026	2027	2028
Reservoir pressure	Ongoing sustained water injection to maintain reservoir pressure					
Establish baseline flare and fugitive methane	Drone survey	Flare meter installation Annual repeat	Annual repeat	Annual repeat	Annual repeat	Annual repeat
Optimisation and efficiencies		Revamping	Optimisation Phase #1	Optimisation Phase #2		
		Ongoing gas utilisation efficiencies				
Ultimate re-purposing		Gas export/re-injection feasibility study	FID & detailed engineering commercial & legal framework		Project execution	



### Establishing a reliable baseline

A key first step in our emissions reduction journey is to definitively measure the baseline emissions coming from our facilities including fuel, flare, fugitive emissions and venting.

During the course of 2023, it was recognised that the existing flare measurement system is not able to deliver the data and key measurements that we require to set this baseline and to demonstrate subsequent improvements. Through active discussion and a fully aligned approach within the Joint Venture, support was given for an upgrade project to improve the flare measurement system so that the asset will have a full flare meter capability in order to capture real-time flare data. This project has already commenced with the procurement of the required ultrasonic meters and planning is underway to install this equipment during the full field shut down in Q3 2024. This will be a major milestone in fully understanding our flare rates, composition and flare distribution across the various platforms within the asset.

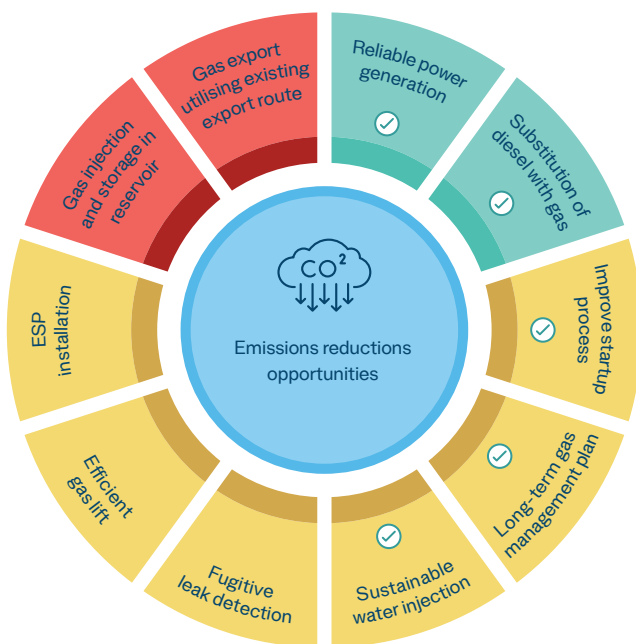
In conjunction with the flare meter upgrade project, fugitive methane leaks throughout the offshore plant were recognised as another source of emissions. In November 2023, the asset used innovative drone technology to conduct a baseline survey across Palanca, Pacassa, and Cobo sectors measuring CO<sub>2</sub> and CH<sub>4</sub> emissions. Data gathered from over 50 flights has led to a comprehensive and quantifiable baseline dataset, providing insight into specific areas for improvements and focusing the Operator's work programmes in 2024 and beyond.

### Sustained water Injection

Water injection rates have more than doubled year on year (averaging 33,000 bwipd in 2023), with further gains delivered in early 2024 and targeting in excess of 150,000 bwipd. This improved water injection is anticipated to positively impact oil production in the medium term as reservoir pressure increases. Additionally, sustained high water injection rates will help maintain reservoir pressure and reduce the Gas Oil Ratio (GOR) which is one of the most effective tools available for reducing gas production. Furthermore, the Operator has recognised the need to maintain the integrity of water injection wells, flowlines and lift pumps and this proactive approach is also subject to a significant work program in 2024.

The enhanced fluid offtake rates observed across the asset in 2023 has tested the limits of the current produced water treatment system. Oil in water (OIW) metrics have been reviewed with an additional produced water treatment project approved in the 2024 budget. This refurbishment project will bring the asset's water discharge down as the Operator seeks to improve upon the recognised 30ppm target.

In addition, the Joint Venture is also investing in improving offshore waste management. A major upgrade project at both Cobo and Palanca is well underway to reduce sewage discharge to the ocean with completion scheduled for the end of 2024.



- Short term
- Medium term
- Long term



#### **Optimisation and efficiencies**

Having successfully extended the Block 3/O5 production licence to 2040, the Operator undertook a full scope asset integrity review in order to identify areas of focus for the multi-week, full field shut-down planned for Q3 2024. At the same time, a long-term project to update and modernise the offshore installations is underway. Initiated in Q4 2023, this project will run for 3 years and its impact will be to extend the life of the existing infrastructure and deliver long-term reliable uptime. This investment protects baseline production and allows the Operator to continue to manage operations safely.

Throughout 2023, the Operator switched from utilising offshore diesel for power generation, to using produced gas as the major fuel source. Making efficient use of the produced gas is an effective way to reduce flaring as well as optimising cost.

Enhanced oil production by deploying ESP technology has been screened as an opportunity to increase fluid rates as well as improve recovery. The secondary benefit of this ESP program is to increase the power demand on the generators and consequently increase gas utilisation. This increased power demand and gas usage delivers a significant reduction in gas volume sent to flare.

#### **Ultimate re-purposing**

An integrated workstream has been initiated in order to scope the possibilities of utilising the current flare gas volumes in a more resourceful manner. Once flare gas volumes can be calibrated, this will help to form the basis of design for a future potential gas re-injection or gas export project.

## Climate risk and resilience

We are committed to the energy sector and building a resilient business that meets the varying requirements and expectations of our stakeholders. Acutely aware of the need to support the responsible development of hydrocarbon assets, our strategy is to decarbonise energy production, in collaboration with our partners, and in balance with the socioeconomic requirements of host countries.

In 2023, Afentra reviewed the recommendations set out by the TCFD and began the process to embed the recommendations as appropriate for a business of its size and position.

We will continue to mature our position (and work towards compliance) on all four pillars and 11 recommendations of the TCFD during 2024.

### Oversight

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

Our leadership considers all ESG issues when reviewing and guiding strategy, major plans of action and risk management policies, as well as when overseeing major capital expenditures, and acquisitions. Examples of specific actions taken by our leadership and operationally focused teams can be seen in the examples on page 47.

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

Details of this assessment and the Group's approach to the management of risk are set out on pages 54 - 56.

### Assessing climate risk and resilience

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

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

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

The transition to a lower carbon economy poses several risks to Sonangol's operations with respect to potential changes in legislation and policy, markets, and technologies. At the same time, this low carbon economy will also give rise to new opportunities with respect to resource efficiencies and new product/service offerings. During the year, Afentra supported Sonangol on numerous fronts, which are captured within the "Driving Environmental Stewardship: Achievements and Ambitions for Sustainable Operations" section above.

### Transition and physical risk

The Energy Transition is and will continue to impact the Oil and Gas industry and change the environment in which we operate. The impact of these changes depends on many variables, many of which remain uncertain and continue to shift in response to globally significant events, not least military conflict.

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

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

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

Physical			
Category	Risk driver	Risk	Mitigations
<b>Acute</b>	Increasing frequency and intensity of storm surges together with rising sea levels.	Risk of damage to surface facilities and infrastructure, including processing/wellhead platforms, floating storage and offloading (FSO) facility, wells and pipelines. Such damage could cause: <ul style="list-style-type: none"> <li>• Fatalities and injuries to personnel</li> <li>• Environmental spills and contamination</li> <li>• Disruption in production and revenue losses</li> <li>• Reputational damage</li> <li>• Litigation</li> </ul>	Work with our operator to: <ul style="list-style-type: none"> <li>• Develop and implement an early warning system to allow for early detection of storm surges.</li> <li>• Update existing emergency response plans to include storm surges.</li> <li>• Revisit the maintenance schedules to ensure key equipment is maintained and available.</li> <li>• Ensure that rising sea levels are taken into account in the design of new infrastructure/ upgrades of existing infrastructure.</li> </ul>
<b>Chronic</b>	Rising mean temperatures and increasing number of very hot days.	Risk of workers suffering from heat stress, leading to reduced productivity, and in extreme cases, an increase in heat-related morbidity.	<ul style="list-style-type: none"> <li>• Develop and implement an awareness programme to raise awareness about the dangers of heat stress and the importance of staying well hydrated.</li> <li>• Ensure adequate provision of potable water particularly during hot periods.</li> </ul>
Transitional			
Category	Risk driver	Risk	Mitigations
<b>Policy and legal</b>	Pricing of GHG emissions and enhanced emissions reporting obligations.	With growing international pressure and heightened focus on methane emissions, the recent outcomes of COP are signalling significant shifts in the sustainability landscape. The European Union (EU) is making waves by acknowledging and addressing methane emissions as a crucial aspect of climate action. Their proposed methane framework is poised to set new standards and expectations for emission reduction efforts globally. Moreover, as carbon taxes gain momentum and are expected to impact industries well into the 2030s, there is a growing anticipation of increased operating costs for countries like Angola, should they introduce pricing of greenhouse gas emissions and adopt enhanced emissions-reporting obligations.	<ul style="list-style-type: none"> <li>• Closely monitor promulgation of new climate legislation and policies.</li> <li>• Actively engage in the law- and policy-making processes to ensure that potential impacts on O&amp;G sector are taken into consideration. Engagement can be through industry organisations.</li> </ul>

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

## Opportunities

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

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

# Managing and mitigating our material issues

## Principal business risks

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

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

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



Category	Risk	Mitigation	Change
<b>Operations – Non Operated</b> <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>GHG Emissions</li> <li>Contractor performance</li> </ul>	<ul style="list-style-type: none"> <li>Incidents occurring on oil &amp; gas facilities resulting in loss of containment, production, environmental damage and / or personnel injuries.</li> <li>High levels of flaring results in non-conformance to zero flaring by 2030, reputational damage and potential fines due to breaching limits.</li> <li>Complexity around contractor selection and performance management on a large development could result in sub optimal outcomes resulting in a loss of value.</li> </ul>	<ul style="list-style-type: none"> <li>Work with operators to understand / influence how operational facilities are staffed with experienced and fully trained personnel. Ensure through robust communications with the operators expectations around safety critical maintenance (undertaken when required and not delayed), and risk assessment procedures and practices, ensuring both are fully documented and rigorously followed by requisite personnel. Look for verification on facility site visits. Ensure operational risks are covered by insurance where possible.</li> <li>Influence operators to reduce flaring by the following: Measure data to understand exact level of flaring; identify potential solutions to deploy to reduce flaring from incremental reductions to zero flaring; and influence operator to deploy GHG reduction technologies.</li> <li>Share emissions reductions concepts with regulator to influence operator.</li> <li>Support operators in contractor evaluation and selection procedures, advise on best practices, jointly participate in contractor performance management including KPI selection and ongoing monitoring.</li> </ul>	▲
<b>Organisation</b> <ul style="list-style-type: none"> <li>IT Systems</li> <li>Attracting, retaining sufficiently skilled personnel</li> </ul>	<ul style="list-style-type: none"> <li>Risk of an IT systems failure resulting in the loss of key data or rendering the business inoperable for a period, and / or a cyber security threat manifesting resulting in loss of data security and potentially value.</li> <li>Failure to attract and hire the requisite technical and functional staff with the right experience to support the firm as it grows, resulting in operational, technical and functional issues.</li> </ul>	<ul style="list-style-type: none"> <li>A DRP and BCP was developed in 2023 and is reviewed every six months to ensure relevance to maintain business critical functions.</li> <li>All legacy seismic data backed up and stored offsite. Any future seismic data will be held on our Nutanix system and utilise the same DR system as the Nutanix clusters.</li> <li>Non seismic data is backed up daily and stored both on site and off site.</li> <li>We have a hosted exchange service from Microsoft, the SLA for downtime on exchange and SharePoint aims to be less than 45 minutes per month. All incoming and outgoing email are archived in an immutable form, providing some protection from Ransomware, Phishing and Malware.</li> <li>Additional experienced staff were recruited during 2023, so the Company has the requisite skills and experience to meet the requirements of 2024 post acquisitions.</li> <li>Personnel requirements are assessed regularly, and plans are in place to ensure business continuity can continue in the event of a shortage of requisite skills.</li> <li>Local market conditions are continually monitored to ensure a competitive salary, bonus and training framework is in place to retain and attract new staff when required.</li> </ul>	▶

## Business Risk

continued

Category	Risk	Mitigation	Change
<b>Financial</b> <ul style="list-style-type: none"> <li>Commodity (oil) Price risk</li> <li>Counterparty default</li> <li>Bribery &amp; Failure to prevent bribery</li> </ul>	<ul style="list-style-type: none"> <li>Volatile commodity prices (both low or high) impacting buyer – seller expectations, impacting ability to acquire assets.</li> <li>Low commodity prices could impact liquidity of the Company, and have a negative impact on ability to service debt and generate positive cash flow.</li> <li>Risk of default of bank holding deposits, off-taker of production, contractor / supplier or JV partner not fulfilling obligations.</li> <li>Risk that a partner, business associate or an employee may in the course of business, offer to pay (or may previously have offered to pay), bribes, unjustifiable fees or gifts to middlemen which could damage Afentra's reputation and result in Afentra being in contravention of laws that prohibit such action, including the UK Bribery Act 2010, or which, by association, may result in reputational damage to the Company.</li> </ul>	<ul style="list-style-type: none"> <li>The Company will only bid on assets priced within the group's financial framework which will include mixtures of debt and equity capital raises. Key economic KPIs will need to be achievable to enable asset bids to be approved for progression via the Board. The Company is managing its exposure to fluctuating oil price via a Board approved hedging program.</li> <li>Monitor public announcements and any publicly available documents / reports for indicators of financial distress prior to agreeing to future financial commitments.</li> <li>Conduct full financial and legal due-diligence along with obtaining representations where relevant prior to entering any new JV or partner relationships.</li> <li>Conduct robust due diligence of counter-party, consider use of insurance cover.</li> <li>Group policy, as stated in the Handbook, is clear that Afentra does not and will not participate in such practices.</li> <li>The Group developed and implemented an Anti-Bribery system, a key provision of which is ensuring that any partner or affiliate of a partner maintains a robust anti-bribery compliance environment.</li> <li>The Group provides training for its employees and contractors on an annual basis with 100% compliance.</li> <li>All contracts, purchase orders and service orders contain business ethics provisions.</li> </ul>	▶

▲ Increased ▼ Decreased ▶ Unchanged

### Internal control

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

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

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

The Audit Committee, on an annual basis, reviews the need for an internal audit function. Given the nature of the Company's business and assets, the current internal control procedures in place and the size of the Company, the Board are satisfied that an internal audit function is unnecessary at this time but will review the position in 2024.

# 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 as a whole.

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 2023.


### 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 pages 28 - 41 with respect to its business and operations in Angola the Company has worked closely with Sonangol and relevant Angolan Governmental and Regulatory agencies at all levels during 2023. The Company will continue to engage with the Operator and other Governmental agencies in relation to its existing operations and new business opportunities, and its future participation in the Angolan onshore Block KON15 and KON19 licences.

The Company has a small team of employees and consultants based in the UK and Africa, all of whom have direct contact with either the COO or CFO who engage directly with the



workforce, a benefit of the current size of the Company. Board meetings are held in the UK office where several employees and consultants are invited to join the meeting from time to time. The Board has day-to-day business interactions with various employees of the Group, so they receive direct employee feedback and engagement.

The Directors regularly engage with investors via the AGM and at other times during the year. Continued access to the capital markets is key to the success of the Company's M&A strategy and so the management team and the Board work to ensure that the Company's investors have a sound understanding of the Company's strategy and ambitions, how this may be implemented and how the Company's decisions and principal business activities support its long-term strategy. Investors' views and those of other stakeholders, are sought by the Directors to guide the Company's strategy and its M&A activities. This activity and engagement will continue in 2024. The Company's M&A strategy has become more targeted towards seeking assets in specific jurisdictions, as discussed in the Chairman's and CEO's statements.

### **Principal decisions during 2023**

The approval to proceed with the proposed Azure Acquisition in Angola on Blocks 3/O5 and 3/O5A and the reduction of the Sonangol transaction interest from 20% to 14% were critical Board decisions taken during the year. Further decisions made by the Board related to other M&A opportunities and the Company's participation in the 2023 Angolan onshore licence bid round. These were reviewed during the year, and discussed through the lens of strategic fit, long term value accretion, and sustainability (including understanding the potential impact on communities and the environment). In 2024, in line with its long-term strategy, the Board will continue to review a range of upstream opportunities in Angola and West Africa more broadly, including potential M&A opportunities, new licence opportunities and strategic fit partnering and joint venture opportunities.

# Deal completions and revenue generation highlight a successful year

2023 was a year of financial transformation for Afentra. We completed our two inaugural transactions in Angola and also successfully executed our first crude oil lifting generating \$26.4 million of revenue in Q3. These were major milestones for the Company which help to solidify our position in Angola and demonstrate the successful progress of our strategy to deliver sustainable shareholder returns. In addition, post period, having received approval from the Angolan Government, the Company completed the Azule acquisition transaction (our third in Angola) in May 2024.

With regards to Company debt financing, we effectively utilised and managed our debt facilities, meeting all required covenants and completing on the INA and Sonangol transactions with an aggregate debt to equity split of 63%/37% resulting in a year end debt position of \$31.7 million and a net debt position of \$12.3 million.

We also entered into our first hedge arrangement in December 2023 purchasing a \$70/bbl floor for the 70% (315 kbbls) of the February 2024 crude oil lifting at a cost of \$1.50 per bbl to secure downside protection at the time of relatively high volatility observed in the markets.

For 2024, our focus on M&A remains unchanged as we continue to seek to build our portfolio via value accretive opportunities, in Angola, as well as in other jurisdictions in the West Africa region.

From an asset perspective, our second crude oil lifting (450 kbbls) on Block 3/O5 in February generated \$38.2 million of revenue. We will continue to strive to be a proactive and collaborative non-operating partner in the Angolan Blocks 3/O5 and 3/O5A, bringing forward our technical and commercial expertise to safely and efficiently deliver cash returns and investment opportunities, as well as ensuring that value is protected, all executed within a sound internal control framework.

### Financing highlights

#### Key Terms:

RBL, \$34.8 million Financing drawn to fund INA and Sonangol asset acquisitions.

- 5-year tenor effective from May 2023
- 8% margin over 3-month SOFR ('Secured Overnight Financing Rate')
- Semi-annual linear amortisations
- The key financial covenant for the RBL is the ratio of Net Debt to EBITDA (less than 3:1)

#### Key Terms:

Working Capital, up to \$30 million revolving facility:

- 5-year tenor effective from May 2023
- 4.75% margin over 1-month SOFR
- Repayable with proceeds from liftings



Anastasia Deulina, Chief Financial Officer

### Selected financial data

		2023	2022
Sales volume	(kbbbls)	<b>300.0</b>	-
Realised oil price	(\$/bbl)	<b>88.0</b>	-
Total revenue	\$ million	<b>26.4</b>	-
Year-end cash net to the Group	\$ million	<b>14.7</b>	20.4
Restricted funds	\$ million	<b>4.9</b>	10.2
Borrowings	\$ million	<b>(31.7)</b>	-
Net debt	\$ million	<b>(12.3)</b>	-
Adjusted EBITDAX <sup>1</sup>	\$ million	<b>11.1</b>	(5.2)
Loss after tax	\$ million	<b>(2.7)</b>	(9.1)
Year end share price	Pence	<b>37.0</b>	26.4

### 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 can include capital investment, debt and adjusted EBITDAX.

### Income Statement

2023 production from Afentra's interests in Blocks 3/O5 and 3/O5A, post the completion of INA and Sonangol transactions, averaged 3,509 bopd (2022: nil).

2023 revenue of \$26.4 million (2022: nil) consisted of 1 lifting from Block 3/O5 of 300kbbbls at a realised price of \$88.0/bbl.

Cost of sales during the year totalled \$12.6 million (2022: nil), a full reconciliation is provided in the notes to the accounts (Note 4).

The profit from operations for 2023 was \$2.4 million (2022: loss \$9.0 million) as a result of the inaugural lifting in August 2023. During the year, net administrative expenditure increased to \$11.5 million (2022: \$9.0 million) predominantly as a result of exceptional (one off) costs associated with the RTO process (\$1.6 million in the period) and an increase in staff costs and share based payment charges (\$1.8 million).

In 2023, a portion of the Group's staff costs and associated overheads have been expensed as pre-licence expenditure (\$4.8 million), or capitalised/recharged (\$34k) where they are directly assigned to capital projects. This totalled \$4.8 million in the year (2022: \$3.1 million) reflecting continuing M&A project activity.

Finance income was received (interest on deposits) in the year of \$240k (2022: \$86k). Finance costs increased during 2023 to \$3.5 million (2022: \$197k), primarily due to the operation of RBL and WC facilities. A full reconciliation is provided in the notes to the accounts (Note 7).

<sup>1</sup> Total depletion in 2023 is the depletion charged to profit and loss (\$845k) and absorbed in inventory (\$1,755k).

# Financial Review

continued

The loss for the year was \$2.7 million (2022: loss \$9.1 million):

	\$ million
Loss for the year 2022	(9.1)
Increase in revenue	26.4
Increase in cost of sales	(12.6)
Increase in G&A and pre-licence costs	(2.5)
Increase in finance expense	(3.2)
Increase in tax expense	(1.8)
<b>Loss for the year 2023</b>	<b>(2.7)</b>

Group adjusted EBITDAX totalled \$11.1 million (2022: \$5.2 million loss):

	2023 \$ million	2022 \$ million
Loss after tax	(2.7)	(9.1)
Net finance costs	3.3	0.1
Depletion and depreciation <sup>1</sup>	2.9	0.2
Pre-licence costs	4.8	3.5
Share-based payment charge	1.0	-
Taxation	1.8	-
<b>Total EBITDAX (Adjusted)</b>	<b>11.1</b>	<b>(5.2)</b>

The basic and diluted loss per share was 1.2 cents per share (2022: loss 4.1 cents per share). No dividend is proposed to be paid for the year ended 31 December 2023 (2022: \$nil).

## Statement of financial position

At the end of 2023, Non-current assets totalled \$174.0 million (2022: \$21.9 million), the increase entirely related to the acquisition of the Company's interests in Block 3/O5, Block 3/O5A and Block 23 (detailed in Notes 10, 11 and 12).

At the end of 2023, Current assets stood at \$36.7 million (2022: \$31.0 million) including: inventories of \$13.4 million (2022: \$nil), cash and cash equivalents of \$14.7 million (2022: \$20.4 million), restricted funds of \$4.9 million (2022: \$10.2 million) and trade and other receivables of \$3.6 million (2022: \$419k).

At the end of 2023, Current liabilities were \$38.8 million (2022: \$2.9 million) including borrowings of \$6.8 million (2022: \$ nil), contingent consideration of \$4.6 million (2022: \$ nil) and trade and other payables of \$27.3 million (2022: \$2.7 million). The increase in trade and other payables is related to the Company's share of Joint Venture working capital items (Block 3/O5 and Block 3/O5A).

At the end of 2023, Non-current liabilities were \$123.8 million (2022: \$160k) including borrowings of \$25.0 million (2022: \$ nil) and contingent consideration/provisions of \$98.9 million (2022: \$33k), (detailed in Notes 20 and 22).

Group net assets at the end of 2023 totalled \$48.0 million (2022: \$49.8 million). Movements in the component parts of Group net assets are predominantly as a result from the acquisitions made in 2023 and the associated movements in assets, liabilities and

<sup>1</sup> Total depletion in 2023 is the depletion charged to profit and loss (\$845k) and absorbed in inventory (\$1,755k).



debt. Increases versus 2022 balances in both non-current assets (\$152.3 million) and current assets (\$29.5 million) are offset by corresponding increases in non-current liabilities (\$123.8 million) and current liabilities (\$53.3 million) resulting in an overall \$1.8 million decrease in Group net assets in 2023 vs 2022.

#### Cash flow

Net cash inflow from operating activities totalled \$12.3 million (2022: outflow \$6.7 million), the increase predominantly due to the acquisitions of Block 3/O5 and Block 3/O5A and the revenue from the Company's first lifting.

Net cash used in investing activities totalled \$45.9 million (2022: \$10.3 million) the increase predominantly due to the acquisitions of Block 3/O5 and Block 3/O5A.

Net cash generated in financing activities totalled \$28.0 million (2022: used \$225k) primarily as a result of the net drawdowns on debt facilities.

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 2023 and 2022 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

30 May 2024

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

#### Paul McDade

Chief Executive Officer

30 May 2024

# Corporate Governance

Year ended 31 December 2023



# Board of Directors

## Executive team



**Paul McDade**  
Chief Executive Officer

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

His strong focus on delivering stakeholder value, shared prosperity, environmental performance and strong governance, coupled with his understanding of the role that oil and gas must 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.



**Thierry Tanoh**  
Independent non-executive Director

Thierry Tanoh is the former CEO of EcoBank Group, a pan-African banking conglomerate with banking operations in 33 African countries, and subsequently Minister for Oil, Energy and Renewables for the Republic of Cote d'Ivoire between 2017-2018.

Prior to assuming his role at EcoBank, Thierry spent 18 years at International Finance Corporation (IFC), including roles as Vice-President within the Senior Executive Team and a member of IFC's credit committee based in Washington, and as Director of Sub-Saharan Africa based in Johannesburg.



**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's business includes a strategic objective of responsibly supporting host-countries' efforts to progress the energy transition on the African continent and through this, to deliver positive outcomes for all stakeholders. Our purpose is to support the African Energy Transition as an experienced, responsible, well managed independent, enabling the continued economic and social development of African economies and bridging the gap to other/renewable forms of energy. We aim to be the trusted partner of IOCs, NOCs and host governments in Africa in the divestment of legacy assets.

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

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

The Company follows the principles of best practice set out in the Quoted Companies Alliance Governance Code (the 'QCA Code'). The appropriate Corporate Governance Code will remain under review as the Company grows and evolves. Following the appointment of the new Board and Executive Team in 2021, the Company has continued to develop its corporate governance and is satisfied with the structure now in place. Our governance structure will continue to evolve as the Company develops and grows and we will ensure stakeholders remain informed through regulatory announcements and updates on our website.

## Corporate culture

Afentra is building its business on a strong ESG foundation, and the core elements of those principles are embedded in our strategy and business model. Our vision is to establish the Company as a leading pan-African operator with an unwavering commitment to operational excellence, environmental stewardship, transparent governance, positive socio-economic impact, and strong sustainable shareholder returns. Oil and gas remain important in the energy mix and as IOCs change their business models with a view to developing a lower-carbon

footprint, these underlying hydrocarbon assets must continue producing to meet local and 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 such assets will be managed in a responsible way, with strong environmental stewardship, value creation 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 a more detailed assessment of a potential target asset against our acquisition criteria. The Board is focused on reducing and managing identified risks rather than eliminating all risk. Any acquisition of hydrocarbon assets inherently includes technical, subsurface, operational, above ground and commercial risks and the Board has regard to such risks within its acquisition parameters. The Board seeks to eliminate HSSE risks and reputational risk.

## Board composition

The composition of the Board changed during 2023 with the appointment of Thierry Tanoh as an Independent Non-Executive Director. The remaining Board composition was unchanged in the year and was and now is as follows: Jeffrey MacDonald serving as Independent Non-Executive Director and Chairman, Paul McDade Executive-Director and CEO, Ian Cloke Executive Director and COO, Anastasia



Deulina Executive Director and CFO and Gavin Wilson as an Independent Non-Executive Director. 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 is detailed on pages 71 - 83.

### **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 Company's financial statements is set out on page 87.

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

The Directors have access to the Company's other advisors as required including legal advisors and auditors and have the authority to obtain external advice as deemed necessary. The Remuneration Committee has sought advice from FIT Remuneration Consultants LLP ('FIT Remuneration') regarding the Company's remuneration policy as well as PWC and further details regarding this can be found in the Remuneration Committee's report on pages 74 - 83. The Independent Non-Executive Director and 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.

### **Conflicts of interest**

Whilst conflicts should be avoided, the Board acknowledges that instances may arise where this is not always possible. In such circumstances, Directors are required to comply with the Company's Conflicts of Interest Policy and applicable conflicts provisions of the Articles of Association and in law, and to notify the Chairman as soon as they are aware that a conflict may arise or has arisen and the details of such conflict are recorded by the Company and addressed and managed in line with the relevant policy and the Articles of Association. If a Director notifies the Board of an actual or potential conflict of interest they may be, if requested by the Chairman, excluded from any related discussion and/or receipt of information and will always be excluded from any relevant formal decision.

### **Retirement and re-election**

The Company's Articles of Association require that each Director (other than any Director appointed since the date of the notice of Annual General Meeting for that year), retire and stand for re-election at each Annual General Meeting. All new Directors appointed since the previous Annual General Meeting are required to stand for election at the following Annual General Meeting.

# Statement of Corporate Governance

continued

## 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 four times a year as and when necessary and in addition holds ad hoc discussions between the Directors. 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 Directors and hold full-time Executive 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 their terms, with intensive periods requiring significant director focus including with respect to their specific responsibilities on Board Committees.

The following table summarises the number of Board and Board Committee meetings held during the year ended 31 December 2023 and the attendance record of the individual Directors:

	Board Meetings	Audit Committee	Remuneration Committee	Nominations Committee
<b>Number of meetings in year</b>				
Paul McDade	6	4	3	1
Ian Cloke	6	2	-	-
Anastasia Deulina	6	4	-	1
Jeffrey MacDonald	6	3	3	1
Thierry Tanoh	5	3	2	-
Gavin Wilson	6	4	3	1

No formal Board performance evaluation took place in 2023, this will be reviewed during 2024.

## Jeffrey MacDonald

Independent non-executive Chairman

30 May 2024



# Audit Committee Report

## Members

This Committee currently comprises:

- Thierry Tanoh (Chairman)
- Gavin Wilson

## Committee composition

The search to identify and appoint a further Non-Executive Director who would also take over as Chair of the Audit Committee was completed successfully during 2023. Thierry Tanoh was appointed as a Non-Executive Director and Chair of the Audit Committee on June 13, 2023. Anastasia Deulina (CFO) has stepped down from being a member of the committee.

Thierry Tanoh brings extensive experience to his role as Audit Committee Chair having served as a former CEO of EcoBank Group, a pan-African banking conglomerate with banking operations in 33 African countries, and subsequently Minister for Oil, Energy and Renewables for the Republic of Cote d'Ivoire between 2017-2018. Thierry also spent 18 years at the International Finance Corporation (IFC), where he served as a Vice-President within the Senior Executive Team, a member of the IFC's credit committee based in Washington, and as Director of Sub-Saharan Africa based in Johannesburg. Thierry is a Certified Public Accountant (CPA France).

The Audit Committee met four times during 2023. The Auditors have unrestricted access to the Chairman of the Audit Committee. Audit Committee meetings are attended by the Auditors 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 Auditor's 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, the Committee has decided it will undertake a review of this position during 2024.

# Audit Committee Report

## continued

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 2023 included:

- Acquisition Accounting. Review of INA & Sonangol acquisitions under IFRS3, determining that the transactions are to be accounted for as an Asset Acquisition as opposed to a Business Combination.
- Decommissioning. Recognition of a Decommissioning Liability under IAS37.
- Pre-funded Asset. Accounting for Decommissioning pre-fund under IFRIC 5 as a non-current asset.
- Revenue Recognition. Accounting for Revenue under IFRS 15.
- Contingent Liabilities. INA and Sonangol acquisitions contingent liability provisions.
- Share Based Payments. IFRS2 valuations for conditional awards granted under the Long Term Incentive and Founders Share Plans.
- Expected credit loss model prescribed by IFRS 9.
- Carry value of investments and impairment of assets (IFRS6, Exploration for and Evaluation of Mineral Resources).

The Committee reviews key judgments prior to publication of the financial statements, as well as considering significant issues throughout the year. The Committee reviewed and was satisfied that the judgments made by management contained within the Report and Financial Statements are reasonable.

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 that regard during 2023 the Audit Committee oversaw the issue and award of a tender for External Audit Services to take effect from the audit of the 2024 financials. Eight companies were initially approached, with four selected to bid. Two companies subsequently withdrew from the process leaving two companies going forward. Following presentations made to the Audit Committee by the two companies concerned BDO LLP were subsequently selected to continue as an External Auditor for a further three years commencing from the 2024 financial audit. In line with the audit profession's own ethical guidance, the current audit engagement partner rotated off the Company's account on 31 December 2022, having served for a period of five years. The Committee has recommended to the Board that shareholders support the re-appointment of BDO LLP at the 2024 AGM.

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

Details of fees payable to the Auditors are set out in Note 5.

**Thierry Tanoh**  
Chairman of the Audit Committee

30 May 2024

# 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 Board Committees of the Company and its balance is optimal in order to help the Company 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 Nominations Committee resumed its search in 2023 to identify and appoint a further Non-Executive Director who would also take over as Chair of the Audit Committee. In this regard, the engagement with Preng & Associates was continued and after a successful search, a new shortlist of candidates were identified and interviewed by the Committee. Following the interview process a preferred candidate was identified and offered the position. Thierry Tanoh accepted the offer and was appointed as a Non-Executive Director and Chair of the Audit Committee on 13 June 2023.

Following the appointment of Thierry Tanoh the Nominations Committee is satisfied that the composition of the Board is appropriate for the Company at this stage of its development. The Committee remains focused on ensuring that the composition and balance of the Board continues to be optimal to help the Company to deliver its strategy, including supporting the African Energy Transition as a responsible, well managed independent oil and gas development and production company. The Committee is pleased with the new appointment and confident that it has strengthened an already exceptional leadership team with a proven track record of operational excellence, value creation and stakeholder engagement in its core business areas.

As at the date of this report the Nominations Committee is planning to review the succession plans for the Company to ensure business continuity in the event of unforeseen changes such as the loss of a Director or member of the senior management team. A refreshed succession plan will be drafted for discussion at a Nomination Committee meeting later in the year.

## Jeffrey MacDonald

Chairman of the Nominations Committee

30 May 2024

# Remuneration Committee Report

## Members

This Committee currently comprises:

- Gavin Wilson (Chairman)
- Jeffrey MacDonald
- Thierry Tanoh

I am pleased to present the Remuneration Committee's report for 2023. The report sets out how the Board was paid during the year ended 31 December 2023 and how it will be remunerated to support the delivery of the Company's strategy and purpose during the year ending 31 December 2024 under our remuneration policy. The report also covers the remuneration associated with the first vesting period of the FSP nil cost share options.

## 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 the remuneration packages for Executive Directors and 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. 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 and Executive Directors;
- within the agreed policy, determining individual remuneration packages for the Executive Directors;

- 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') was consulted during 2023 in respect of the operation of the Remuneration Policy. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to Executive remuneration consulting in the UK, details of which can be found at [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com). In addition, PricewaterhouseCoopers LLP ('PwC') continued to advise the Committee on the structure and terms of the Founders Share Plan ('FSP'). Fees in relation to these services (FIT) amounted to \$6.6k in 2023.

## This report presents:

- **The Directors' Remuneration Policy**, which summarises the Remuneration Policy which was originally introduced by the Committee following the appointment of the new Board in 2021 and which continues to evolve as the Company grows; and
- **The Annual Report on Remuneration**, which details how the Committee operated the Policy for 2023 and how it intends to operate the Policy going forwards.

## Directors' Remuneration Policy

The Remuneration Policy is designed to align with the Company's strategy, purpose and vision and recognises the experience of the leadership team which continues to lead the transformation of the Company and facilitate new opportunities for shareholders and other stakeholders.

The current 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.

#### Detail of 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.

#### Detail of operation

- Benefits may include life assurance, travel insurance, income protection, subsidised gym membership and private medical insurance (or associated cash plan which is subject to an annual limit). Where appropriate some of these benefits are linked to base salary. Given the international nature of the business, relocation and expatriate benefits and reimbursed business expenses (including any tax liability) incurred when travelling overseas in performance of duties may be provided.
- Where future staff are employed in international jurisdictions benefit packages will be amended to fit local circumstances and market conditions.
- 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.

#### Detail of operation

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

# Remuneration Committee Report

continued

## Annual bonus

### Purpose and link to strategy

To incentivise and reward the delivery of the Company's short-term strategic objectives.

### Detail of 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.

### Detail of operation

The Company operates the Founder Share Plan ('FSP') whereby:

- participation is 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') operates where awards may be granted annually with vesting subject to continued service and the achievement of stretching performance targets (whether share price based, financial, operational or strategic).
- The maximum annual LTIP opportunity is 200% of annual salary (increased from 100% of salary to reflect the proposed switch from FSP to LTIP awards going forward as detailed in the Annual Report on Remuneration).
- In addition, an aggregate dilution limit operates 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 FSP, LTIP and any other employee share plan.

## Shareholding guideline

### Purpose and link to strategy

To align Executive and shareholder interests.

### Detail of 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.

### Detail of operation

- The Chairman and Non-Executive Directors will receive an annual fee, 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.
- Individuals are not eligible to participate in the Company's pension arrangements or annual bonus plan. However, as detailed in the Annual Report on Remuneration, a one-off grant of market value options to the Chairman and Non-Executive Directors is proposed in 2024.

### The Founder Share Plan ('FSP')

The Company 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 ('TSR') be met. For further capital raises that occur during the performance period, additional tranches under the FSP will be created with their own threshold values, which will be calculated with reference to the growth rates required for the initial award, as well as the time remaining to each of the measurement dates. Additional tranches will follow the same timetable as the initial awards (i.e. performance will be measured on the same dates).

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

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

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

If at the Measurement Dates in years three and/or four the threshold value has been reached, then nil cost options will be awarded of which half will vest and can be exercised immediately. The remaining half will be deferred until the Measurement Date at year five. All nil cost options awarded in respect of the Measurement Date at year five will vest immediately. Awards of all nil cost options will be made after approval by the Remuneration Committee taking into account the overall performance of the Company during the performance period.

# Remuneration Committee Report

continued

## FSP Awards (audited)

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

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

## 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 have been achieved which justify a limited bonus payment.



## Annual Report on Remuneration

### Remuneration of Directors for the year ended 31 December 2023 (audited)

The table below reports single figure remuneration of the Directors received in 2023 and the prior year.

2023 Remuneration	Fees and basic salary	Bonus <sup>1</sup>	Defined contribution pension <sup>2</sup>	Benefits in kind	Single figure remuneration Total 2023
	£	£	£	£	£
<b>Executive Directors:</b>					
Paul McDade	367,500	367,500	36,750	10,196	781,946
Ian Cloke	299,250	299,250	29,925	8,121	636,546
Anastasia Deulina	299,250	299,250	29,925	8,341	636,766
<b>Non-executive Directors:</b>					
Jeffrey MacDonald	96,000	-	-	-	96,000
Gavin Wilson	45,000	-	-	-	45,000
Thierry Tanoh <sup>3</sup>	29,077	-	-	-	29,077
<b>Aggregate remuneration 2023 (£)</b>	<b>1,136,077</b>	<b>966,000</b>	<b>96,600</b>	<b>26,658</b>	<b>2,225,335</b>
<b>Aggregate remuneration 2023 (US\$)</b>	<b>1,449,367</b>	<b>1,201,129</b>	<b>120,113</b>	<b>33,147</b>	<b>2,803,756</b>
2022 Remuneration	Fees and basic salary	Bonus <sup>4</sup>	Defined contribution pension <sup>2</sup>	Benefits in kind	Single figure remuneration Total 2022
	£	£	£	£	£
<b>Executive Directors:</b>					
Paul McDade	350,000	350,000	35,000	9,999	744,999
Ian Cloke	285,000	285,000	28,500	7,968	606,468
Anastasia Deulina	285,000	285,000	28,500	3,555	602,055
<b>Non-executive Directors:</b>					
Jeffrey MacDonald	96,000	-	-	-	96,000
Gavin Wilson	45,000	-	-	-	45,000
<b>Aggregate remuneration 2022 (£)</b>	<b>1,061,000</b>	<b>920,000</b>	<b>92,000</b>	<b>21,522</b>	<b>2,094,522</b>
<b>Aggregate remuneration 2022 (US\$)</b>	<b>1,310,891</b>	<b>1,107,588</b>	<b>113,730</b>	<b>26,606</b>	<b>2,558,815</b>

<sup>1</sup> Accrued in 2023, payment made in 2024.

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

<sup>3</sup> Appointed as non-executive Director June 2023.

<sup>4</sup> Accrued in 2022, payment made in December 2023 (on the completion of the Sonangol acquisition).

# Remuneration Committee Report

continued

## Annual Bonus Awards for 2023

The annual bonus KPIs for 2023 were based on a combination of the continued delivery of the Company's "buy and build" acquisition strategy, Asset and ESG performance on Block 3/O5 and 3/O5A and the effective management of the 2023 corporate budget.

- **Progress on Buy and Build strategy** – The Company made significant progress on the buy and build strategy in 2023 completing the INA and Sonangol acquisitions in May and December respectively and signing an SPA for the Azure transaction for further equity in Blocks 3/O5 and 3/O5A in July. These deals are fully aligned with Afentra's strategy of delivering value accretive acquisitions that provide access to production assets that deliver material cashflow and have significant development upside. The Azure Acquisition completed post period in May 2024.
- **Asset and ESG performance** – The Company's participation as a non-operating partner has had an increasingly positive impact on the performance of the Block 3/O5 and 3/O5A assets with the main outcome being production delivery at the top end of the target range for FY 2023. On costs the focus has been on developing a solid and thorough understanding of the cost drivers and working with the Operator to safely reduce this over time. On ESG performance our efforts have been on increasing the focus on emissions, and implementing a plan to reduce, with tangible actions underway.
- **2023 budget** – The underlying 2023 G&A costs were delivered within 1% of the budget agreed with the Board. In addition, costs associated with our second RTO were delivered significantly below the costs associated with the first RTO in 2022.

The Remuneration Committee has considered the progress made against the three KPI's set at the beginning of 2023 along with overall corporate progress at Afentra over the year. Given the significant progress made on the buy and build strategy, this KPI is considered to be met. Asset and ESG performance were considered strong, especially in the area of production delivery, whilst corporate cost management also fully met expectations. Given the overall performance of the team versus the targets that were set and the very significant progress the Company has made in 2023, the Executive Directors will receive the maximum annual bonus of 100% of salary.

## FSP share options granted in 2023 which vested in 2024 (audited)

After the Sonangol transaction was completed in December 2023, the material acquisition condition for granting FSP nil cost share options was met. The table below sets out the resultant nil cost share options which vested on 16 March 2024.

Founder Share Plan	Nil cost options granted	Nil cost options available to vest	Ordinary shares received net of tax	Percentage of issued share capital	Gross number of unvested nil cost options
Paul McDade	8,495,116	4,247,558	2,251,206	1.00%	4,247,558
Ian Cloke	6,345,750	3,172,875	1,681,624	0.74%	3,172,875
Anastasia Deulina	5,629,294	2,814,647	1,491,763	0.66%	2,814,647

The share price used to determine Nil cost options granted and available to vest was the average of the closing middle market quotation of an ordinary share over the 30-day period ending immediately on the measurement date of 39.49p. The price used to determine UK Income Tax and National Insurance was the closing price on March 15th of 39.25p.

## Implementation of the Remuneration Policy for 2024

A summary of how the Committee intends to operate the Policy for 2024 is set out below (with two material changes explained beneath the table):

<b>Base salary</b>	The Executive Directors received base salary increases of 4% from 1 January 2024 in line with the average workforce increase. As such, the current salaries for Paul McDade, Ian Cloke and Anastasia Deulina for 2024 are £382,200, £311,220 and £311,220 respectively.
<b>Pension</b>	10% of salary in line with the Remuneration Policy.
<b>Annual bonus</b>	Annual Bonus will continue to be capped at 100% of base salary. Performance metrics will be based on Business Development delivery (45%), Asset and ESG performance (45%) and G&A budget delivery (10%). Unless considered commercially sensitive, the targets and performance against these targets will be disclosed in the Remuneration report for the year ending 31 December 2024.
<b>FSP</b>	Awards have been made to the Executive Team under the FSP at the first measurement date as detailed above. The FSP will continue to operate through to the final measurement date of March 2026.
<b>Non-executive fees</b>	The Non-Executive Chairman and Non-Executive Directors will receive the following fees for 2024: Jeffrey McDonald £96,000, Gavin Wilson £55,000 (includes £10,000 for Chairmanship of the Remuneration Committee) and Thierry Tanoh £55,000 (includes £10,000 for Chairmanship of the Audit Committee).

In addition to the above, and following consultation with the Company's NOMAD and major shareholders, two changes are proposed in respect of the Executive Directors and Non-Executive Director remuneration in 2024 as explained below.

### Executive Director – Long Term Incentives

Following a review of Executive Director long-term incentive provision to ensure individuals are appropriately incentivised over the next three years to 2027 and thereafter, and noting that limited further awards likely to accrue under the current FSP in 2025 and 2026, the Committee has concluded that a more conventional LTIP should be operated for Executive Directors going forward.

The review was initiated following the current FSP reaching its first measurement date on 16 March 2024. Given the performance of the share price over the last 3 years and the performance hurdle being met which required a doubling of total shareholder return, 15% of the growth in returns above the initial threshold value of 15p was awarded to the CEO, CFO and COO. This equated to options being granted over c.9.0% of issued share capital, of which 50% vested on 16 March 2024 with the remainder vesting on 16 March 2026. The 50% which vested resulted in an issue of 5,424,593 new shares, equivalent to 2.4% of issued share capital net of employment taxes which were paid by the Company on behalf of the individuals in cash. It is anticipated that when the remaining options vest they will also result in an issue of around 2.4% of issued share capital giving a total of 4.8%. Absent capital raises in the next circa two years, little additional value is expected to accrue at the second (March 2025) and final test date (March 2026) given that the number of gross options already awarded, is 9.3% of issued share capital, being close to the cap of 10%.

The key terms for the proposed 2024 LTIP awards are as follows:

<b>Award levels:</b>	200% of salary for the CEO and 150% of salary each for the CFO and COO.
<b>Vesting period:</b>	Awards will vest three years from grant subject to performance and continued employment.
<b>Performance targets:</b>	0% of awards will vest for absolute TSR of 10% p.a. increasing pro-rata to 100% of awards vesting for absolute TSR of 35% p.a. as measured over the three-years from grant.

# Remuneration Committee Report

continued

## Non-Executive Director – Market Value Options

Afentra's success to date has been a collaborative effort of the whole team, including the Non- Executive Directors. The Executive Management and staff will benefit from the share awards schemes however no such scheme was put in place for the Non-Executive Directors. The growth potential of the Company over the next three years is significant and we look forward to a similar collaborative team effort to deliver further success and value creation. In recognition of the Non-Executive Directors' role to date and the importance of their input over the next three years, it is proposed to put in place a one-off award of market value share options, to continue to recognise the significant input of the Non-Executive Directors, both in respect of their time and experience and their importance to the Company's strategy over the next three years, over and above their annual fees.

As such, the Board wishes to grant the Non-Executive Directors a one-off award of market value share options in the 42-day window following the publication of the 2023 results.

The key terms of the proposed Options are as follows:

- Jeffrey MacDonald, Thierry Tanoh and Gavin Wilson will each receive market value share options ('Options') over 1,500,000 shares (i.e. 4.5m shares in total, which equates to c.2% of the Company's current issued share capital).
- The exercise price of the Options will be based on the five-day average closing share price preceding the grant date. This means that the Options will only provide a return for the Non-Executive Directors in respect of any future growth in the Company share price.
- Options will vest in a single tranche three years from grant, subject to continued service as a Director but no other performance conditions other than the requirement to grow the share price to deliver value.
- Once vested, the Options will normally remain exercisable until the 10th anniversary of the grant.
- Options will normally lapse if a participant's appointment as a Director ceases. However, in cases of death, injury, disability, ill-health, retirement (with the consent of the Board), or in other circumstances at the Board's discretion, a NED may be permitted to retain their Option and it may vest at the normal vesting date with vesting normally subject to time pro-rating.
- In the event of a takeover or similar corporate event, unvested Options will vest at the time of the event with vesting normally subject to time pro-rating.

The Remuneration Committee will propose these changes (Executive Director Long Term Incentive Scheme and Non- Executive Director Market Value Options ) to the Board for approval.

## Statement of Directors interests (audited)

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

Ordinary shares of 10p each	30 May 2024	31 December 2023	31 December 2022
<b>Executive Directors:</b>			
Paul McDade	5,339,398	3,088,192	3,088,192
Ian Cloke	3,807,455	2,126,185	2,128,009
Anastasia Deulina	2,539,835	1,048,072	1,048,072
<b>Non-executive Directors:</b>			
Gavin Wilson	3,231,666	3,131,666	2,981,666
Jeffrey MacDonald	60,000	60,000	-
Thierry Tanoh	-	-	-

The current Directors' beneficial interests in unvested nil cost options are as follows:

Gross no. of unvested nil cost options	30 May 2024	31 December 2023	31 December 2022
<b>Executive Directors:</b>			
Paul McDade	4,247,558	-	-
Ian Cloke	3,172,875	-	-
Anastasia Deulina	2,814,647	-	-

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 \$62.9k in 2023 (2022: \$74.8k).

#### External directorships

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

#### Gavin Wilson

Chairman of the Remuneration Committee

30 May 2024

## Extractive Industries Transparency Initiative

In accordance with the Transparency Criteria as set out by the EITI, the following payments to government bodies have been made during the year ended 31 December 2023:

	2023 \$000	2022 \$000
Angola - Block3/O5	1,856	-
Somaliland - Odewayne <sup>1</sup>	75	75
	1,931	75

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

## Directors' Report

The Directors present their Annual Report and Financial Statements on the affairs of the Company and its subsidiaries, together with the independent Auditors' Report for the year ended 31 December 2023.

### Principal activity and business review

With West Africa as its geographic focus, the principal activities of the Group and Company throughout the year were completion of the Angolan INA and Sonangol asset transactions, and becoming a valued and proactive non-operating partner on the two acquired Blocks, 3/O5 and 3/O5A, as well as signing an SPA for the purchase of Azule's interests in Blocks 3/O5 and 3/O5A and identifying further upstream opportunities by way of acquisition and obtaining upstream licence interests. 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 13 to the financial statements.

In 2023 the Group used several KPIs to assess the business performance against strategy including M&A led growth initiatives and acquisitions, managing the performance of the group's newly acquired assets and controlling its G&A expenses.

In 2024 the future developments of the Group will be focused on realising the upside of the portfolio assembled, future participation in the Angolan onshore Blocks KON15 and KON19, the safe operational delivery of asset performance targets and further M&A and new licence opportunities, as described in the Strategic Report pages 18 - 65.

### Results and dividends

The Group loss for the financial year was \$2.7 million (2022: loss \$9.1 million). This leaves accumulated Group retained earnings of \$19.2 million (2022: retained earnings of \$21.9 million) to be carried forward. The Directors do not recommend the payment of a dividend (2022: \$nil).

### Directors Liabilities

Qualifying third-party indemnity provisions for the benefit of all the Directors were in force throughout the financial year and they remained in force as at the date of approval of the Annual Report as described in the Remuneration Committee report pages 74 - 83.

### 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 - 41. The financial position of the Group and Company, its cash flows and liquidity position are described in the Financial Review on pages 60 - 63. In addition, Note 24 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 from the signing of the annual report. Consequently, the Directors believe that both the Group and Company are well placed to manage their business risks successfully.

The Group has sufficient cash resources based on existing cash on balance sheet, proceeds from future oil sales and utilisation of the revolving working capital facility to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements, based on forecasts covering the period through to 31 December 2025, notwithstanding the impact of the situation in Ukraine and the Middle East and the resultant impact to commodity prices and foreign exchange rates.

The Board has looked at a combination of downside scenarios, including a production shortfall alongside lower than anticipated oil prices. The impact of the downside scenarios can be mitigated by the implementation of hedges of 70% of the remaining 2024 cargos. Further scenarios associated with additional acquisitions of KON15 and KON19 have also been reviewed and the Board believe that liquidity is sufficient to pursue these opportunities and cover all financial covenants, the tests of which, for current borrowings, have been passed for the Historic Ratio (Net debt/Ebitda) and the Gross liquidity test, and are not forecast to be breached within the going concern period. The Board also notes the implementation of the hedging policy and is confident in the utilisation of commodity-based derivatives to manage oil price downside risk. Thus, the Board believes its appropriate to continue to adopt the going concern basis of accounting in preparation of the financial statements.

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.

## 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 18 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 of the Company 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. Thierry Tanoh
- Mr. Gavin Wilson

Biographical details of the current serving Directors can be found in the Board of Directors section of this report on page 66.

## 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.

## 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 226,155,990 issued ordinary shares of 10 pence each of the Company at 29 May 2024:

	Number	%
Askar Alshinbayev	48,104,784	21.27%
Denis O'Brien	15,750,000	6.96%
Kite Lake Capital Management (UK) LLP	13,500,000	5.97%
Athos Capital Limited	6,887,073	3.05%

## Business risk

A summary of the principle and general business risks can be found within the Strategic Report on pages 54 - 57.

## Financial instruments

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

## Subsequent events

Details of the subsequent events are given in Note 28 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 was re-appointed as Auditor in 2023 following a tender process overseen by the Audit Committee and will therefore continue in office as Auditors. A resolution to appoint BDO will be proposed at the forthcoming Annual General Meeting to be held on 27 June 2024.

**Paul McDade**

Chief Executive Officer

30 May 2024



## Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group and Company financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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

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

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

### Website publication

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

For and on behalf of the Board

**Paul McDade**  
Chief Executive Officer

**Anastasia Deulina**  
Chief Financial Officer

30 May 2024

30 May 2024

# Group Accounts

Year ended 31 December 2023



# Independent Auditor's Report

to the members of Afentra Plc

## Opinion on the Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 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 United Kingdom Generally Accepted Accounting Practice; 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 2023 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity, the notes to the financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

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

## Independence

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

## Conclusions relating to going concern

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

- Verifying the opening cash position used in the cash flow forecast.
- Reviewing and recalculating forecast covenants included in the Reserve Based Lending facility.
- Obtaining and assessing the reasonableness of the Group and Parent Company's base case cash flow forecasts and underlying assumptions which have been approved by the Board, by reviewing historic forecasts against actuals in order to assess the ability of Management to forecast accurately.

- Reviewing licence agreements to check that committed expenditure is appropriately included in forecasts.
- Comparing the level of committed exploration and investment spend per the Group's and Parent Company's contractual arrangements to the level of such expenditure included in the going concern model.
- Performing checks on the arithmetical accuracy of the cash flow forecasts approved by the directors.
- Reviewing stress test scenarios including scenarios relating to reduced production levels and reduced commodity prices.
- Reviewing and considering the adequacy of disclosures in the financial statements relating to the Directors' assessment of the going concern basis of preparation in order to conclude whether the disclosure reflects our understanding of the business and evidence obtained during the course of the audit.

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

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

## Overview

<b>Coverage</b>	100% (2022: 100%) of Group total assets and loss before tax		
<b>Key audit matters</b>		2023	2022
	Carrying value of exploration and evaluation assets	Yes	Yes
	Acquisition accounting	Yes	No
	Carrying value of investments in subsidiaries in the Parent Company Accounts	Yes	Yes
<b>Materiality</b>	Group Financial Statements as a whole		
	• \$1,600k based on 3.5% of net assets (2022: \$790k based on 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, Afentra Angola Limited and Afentra Northwest Africa Holdings Limited. We have identified these three entities as significant components for the purpose of our Financial Statement audit, based on their relative share of net assets. Full scope audits were performed on these significant components.

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

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

# Independent Auditor's Report (cont.)

to the members of Afentra Plc

## Key audit matters

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

### Acquisition Accounting

See Note 1e and Note 2 for details of the accounting policy and judgements relating to this key audit matter.

Details of the asset acquisitions are provided in Note 25.

The group completed the acquisition of participating interests in the producing oil and gas blocks 3/O5, 3/O5A and 23 during the year for total consideration of \$74.6 million. The group acquired a 4% interest in Block 3/O5 and a 5.33% interest in Block 3/O5A from INA in May 2023 and an additional 14% interest in block 3/O5 and a 40% interest in block 23 from Sonangol in December 2023.

The acquisition of the oil blocks resulted in the recognition of material balances on the consolidated statement of financial position and involved management applying significant judgement in determining whether joint control exists in the operating agreements, and in forming an appropriate accounting policy for an acquisition of a working interest in a producing oil field where the definition of joint control is not met.

Management also made significant judgement in determining the amount of contingent consideration attributable to both acquisitions including but not limited to judgements on future production, future oil price and in allocating the consideration across the assets acquired and liabilities assumed.

Given the materiality of the acquired balances in the context of the Consolidated statement of financial position and the significant level of judgement involved, we considered this to be a key audit matter.

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

#### Our audit work included the following:

- Obtaining and critically reviewing management's assessment of whether joint control exists within the operating arrangement, in line with the requirements of IFRS 11 Joint Arrangements;
- We reviewed and obtained an understanding of the terms of the joint operating agreement and production sharing agreement and with the assistance of our technical experts, we challenged management's assessment of whether joint control exists and reviewed the appropriateness of Management's accounting policy for an acquisition of a working interest in a producing oil field where the definition of joint control is not met;
- We reviewed the appropriateness of management's allocation of purchase consideration to individual identifiable assets acquired and liabilities assumed, on a relative fair value basis and challenged the inputs to the fair values applied, specifically the oil and gas asset which included the discount rate, oil price and reserves estimate from the competent persons report;
- We assessed the competence and capabilities of Management's independent expert who prepared the competent persons report by reading publicly available information and reading their terms of engagement with the Group to identify any matters that could have affected their independence and objectivity or imposed scope limitations upon them;
- We reviewed the reasonableness of the probability weighting applied to measure contingent consideration and challenged management's assessment of the likelihood of each contingency being met. Our challenge of Management's judgement included agreeing estimates of future oil prices and production forecasts to external sources and the lead operator's budget; and
- With the assistance of our valuations experts, we reviewed the appropriateness of the discount rate used in discounting contingent consideration.

#### Key observations

Based on the procedures performed, we found the judgement made by Management regarding the acquisition accounting to be reasonable.

### Carrying value of exploration and evaluation asset

See Note 1g and Note 2 for details of the accounting Policy, and judgements relating to this key audit matter.

Details of the exploration and evaluation assets are provided in Note 10.

The Group holds an exploration and evaluation ('E&E') asset with a carrying value of \$21,867,000 (2022: \$21,324,000) which represents its 34% interest in the Odewayne Block, fully carried by Genel Energy Somaliland Limited ('Genel') for its share of the costs of all exploration activities during the Third and Fourth Periods of the production sharing agreement.

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

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

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

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

- We reviewed Management's impairment indicator assessment and considered whether there are any indicators of impairment in line with criteria set out under the accounting standards including, results of recent exploration work performed in the year, future planned expenditure as well as publicly available information;
- We obtained and reviewed the oil and gas licenses and ensured that the Group still has legal title;
- We reviewed the audited financial statements of the joint venture partner to identify if there were adverse information or impairment relating to Odewayne;
- We additionally reviewed public information relating to the joint venture partner's outlook for exploration activities in Somaliland;
- We reviewed and considered Management's position on whether there is an intention to develop the asset and whether it remains commercially viable;
- We reviewed the FY 24 budget and work programmes to confirm there is substantive exploration activity planned on the Odewayne block; and
- We reviewed financial statements disclosures to confirm that disclosures are in line with the accounting standards.

#### Key observations

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

# Independent Auditor's Report (cont.)

to the members of Afentra Plc

## Carrying value of net investment in subsidiaries (investments and loans receivables) in the Parent Company Accounts

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

Details of the Parent Company's investments in subsidiaries are provided in Notes 13 and 15.

The recoverability of the net investment in subsidiaries is intrinsically linked to the underlying producing Oil & Gas and exploration and evaluation assets.

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

Based on this assessment management has concluded that no impairment indicators exist and that no impairment of the net investments is required. Management also considered whether the subsidiaries could repay the loans if they were demanded at the statement of financial position date. Based on management's assessment, no expected credit loss was recognised in the year.

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

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

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

- We reviewed management's impairment indicator assessment for the net investment in subsidiaries in accordance with the accounting standards and considered whether there were any indicators of impairment;
- We reviewed the estimates and assumptions used in management's impairment indicator assessment and checked for consistency with the assessment of the carrying value of the underlying assets and checked for any evidence that could indicate that the assets would not support a recovery of the carrying amount of the net investment;
- We obtained and reviewed management's assessment of the projects and related results within each subsidiary, and their conclusions reached on whether the projects are considered to be successful or unsuccessful. This included consideration of technical data, the award of the necessary licences, the ability to raise finance to develop the projects and the ability to sell the project;
- We have confirmed our understanding of the nature and terms of the intercompany loan receivables through discussion with management and obtaining supporting documentation;
- We have obtained and reviewed management's assessment for expected credit losses and evaluated the ability of the subsidiaries to repay the loan balances, based on the assessment of the underlying E&E and Oil & Gas assets; and
- We reviewed minutes of meetings and press releases to corroborate management's assessment of the status of each project.

#### Key observations

Based on the procedures performed, we found the judgement and estimates made by management are 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Materiality</b>	1,600	790	1,200	592
<b>Basis for determining materiality</b>	3.5% of net assets	1.5% of total assets	75% of Group materiality	
<b>Rationale for the benchmark applied</b>	Following the acquisition of a working interest in the producing oil fields during the year, we consider net assets to be one of the principal considerations for users of the financial statements as the Group incurred significant debt upon acquiring the oil and gas assets in Angola, which resulted in change (mix of equity and debt) in the gearing of the Group.	In the comparative, we considered 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.  We consider total assets to be one of the principal considerations for users of the financial statements.	Capped at 75% of Group materiality given the assessment of the component's aggregation risk.	
<b>Performance materiality</b>	1,200	592	900	444
<b>Basis for determining performance materiality</b>	75% of the above materiality level.			
<b>Rationale for the percentage applied for performance materiality</b>	In reaching our conclusion on the level of performance materiality to be applied we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.			

# Independent Auditor's Report (cont.)

to the members of Afentra Plc

## Specific materiality

We also determined that for the statement of comprehensive income, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 7.8% of Earning before Interest, tax, depreciation and amortisation (2022: Nil) because the Group's loan facilities include financial covenants which are based on this metric.

## Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above based on a percentage of between 46% and 75% (2022:75%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from \$730k to \$1,200k (2022: \$592k). In the audit of each component, we further applied performance materiality levels of 75% (2022:75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of \$64k (2022: \$15k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other information

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

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

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

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

### Responsibilities of Directors

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

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

### 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.

# Independent Auditor's Report (cont.)

to the members of Afentra Plc

## 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:

### Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, those charged with governance and the Audit Committee; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be the applicable accounting framework, tax legislations, the Angolan Petroleum Activities Law, the Production Sharing Agreement, AIM Listing Rules and the QCA corporate governance code.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be environmental regulations and the health and safety legislation.

Our procedures in respect of the above included:

- Reviewing RNS announcements and minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Holding discussions with management and the Audit Committee regarding their knowledge of any known or suspected instances of fraud;
- Review management's correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Reviewing minutes of board meetings as well as the technical, finance, contractor and operating committee meetings.

### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Making enquiries with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Reviewing minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

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

Our procedures in respect of the above included:

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

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Black (Senior Statutory Auditor)

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

30 May 2024

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

	Note	2023 \$000	2022 \$000
Revenue	3	26,390	-
Cost of sales	4	(12,571)	-
<b>Gross profit</b>		<b>13,819</b>	<b>-</b>
Other administrative expenses		(6,647)	(5,484)
Pre-licence costs		(4,810)	(3,491)
<b>Total administrative expenses</b>		<b>(11,457)</b>	<b>(8,975)</b>
<b>Profit/(loss) from operations</b>	5	<b>2,362</b>	<b>(8,975)</b>
Finance income	7	240	86
Finance expense	7	(3,508)	(197)
<b>Loss before tax</b>		<b>(906)</b>	<b>(9,086)</b>
Tax	8	(1,799)	-
<b>Loss for the year attributable to the owners of the parent</b>		<b>(2,705)</b>	<b>(9,086)</b>
<b>Other comprehensive expense - items to be reclassified to the income statement in subsequent periods</b>			
Currency translation adjustments		(96)	-
Total other comprehensive expense for the year		(96)	-
<b>Total comprehensive expense for the year attributable to the owners of the parent</b>		<b>(2,801)</b>	<b>(9,086)</b>
<b>Basic and diluted loss per share (US cents)</b>	9	<b>(1.2)</b>	<b>(4.1)</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# Consolidated Statement of Financial Position

Year ended 31 December

	Note	2023 \$'000	2022 \$'000
<b>Non-current assets</b>			
Exploration and evaluation assets	10	21,867	21,324
Property, plant and equipment	11	75,131	540
Other non-current assets	12	76,973	-
		<b>173,971</b>	<b>21,864</b>
<b>Current assets</b>			
Inventories	14	13,441	-
Trade and other receivables	15	3,640	419
Cash and cash equivalents	16	14,729	20,384
Restricted Funds	17	4,850	10,200
		<b>36,660</b>	<b>31,003</b>
<b>Total assets</b>		<b>210,631</b>	<b>52,867</b>
<b>Equity</b>			
Share capital	18/19	28,143	28,143
Currency translation reserve	19	(298)	(202)
Share option reserve	19	965	-
Retained earnings	19	19,162	21,867
<b>Total equity</b>		<b>47,972</b>	<b>49,808</b>
<b>Current liabilities</b>			
Borrowings	20a	6,752	-
Trade and other payables	21	27,307	2,689
Contingent consideration	22a	4,621	-
Lease liability	23	155	210
		<b>38,835</b>	<b>2,899</b>
<b>Non-current liabilities</b>			
Borrowings	20a	24,951	-
Contingent consideration	22a	21,863	-
Provisions	22b	77,010	33
Lease liability	23	-	127
		<b>123,824</b>	<b>160</b>
<b>Total liabilities</b>		<b>162,659</b>	<b>3,059</b>
<b>Total equity and liabilities</b>		<b>210,631</b>	<b>52,867</b>

The financial statements of Afentra plc, registered number 1757721, were approved by the Board of Directors and authorised for issue on 30 May 2024. Signed on behalf of the Board of Directors:

**Paul McDade**  
Chief Executive Officer

30 May 2024

# Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	Share capital	Currency translation reserve	Share option reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000
At 1 January 2022	28,143	(202)	-	30,953	58,894
Loss for the year	-	-	-	(9,086)	(9,086)
Currency translation adjustments	-	-	-	-	-
Total comprehensive expense for the year attributable to the owners of the parent	-	-	-	(9,086)	(9,086)
At 31 December 2022	28,143	(202)	-	21,867	49,808
Loss for the year	-	-	-	(2,705)	(2,705)
Currency translation adjustments	-	(96)	-	-	(96)
Total comprehensive expense for the year attributable to the owners of the parent	-	(96)	-	(2,705)	(2,801)
Share based payment charge for the year	-	-	965	-	965
<b>At 31 December 2023</b>	<b>28,143</b>	<b>(298)</b>	<b>965</b>	<b>19,162</b>	<b>47,972</b>



# Consolidated Statement of Cash Flows

Year ended 31 December

	Note	2023 \$'000	2022 \$'000
<b>Operating activities</b>			
Loss before tax		(906)	(9,086)
Depreciation, depletion & amortisation	11	2,880	244
Share-based payment charge		965	-
Finance income and gains		(240)	(86)
Finance expense and losses		3,508	197
Operating cash flow prior to working capital movements		6,207	(8,731)
Decrease in inventories (from acquisition date)		4,789	-
Decrease/(increase) in trade and other receivables (from acquisition date)		5,809	(131)
(Decrease)/increase in trade and other payables (from acquisition date)		(2,688)	2,170
Increase/(decrease) in provisions		3	(3)
Cash flow generated from/(used in) operating activities		14,120	(6,695)
Petroleum income tax paid		(1,799)	-
<b>Net cash flow generated from/(used in) operating activities</b>		<b>12,321</b>	<b>(6,695)</b>
<b>Investing activities</b>			
Corporate acquisitions	25	(48,126)	-
Interest received	7	240	86
Purchase of property, plant and equipment	11	(3,316)	(127)
Exploration and evaluation costs	10	(43)	(35)
Cash inflow from/(outflow from) restricted funds	17	5,350	(10,200)
<b>Net cash used in investing activities</b>		<b>(45,895)</b>	<b>(10,276)</b>
<b>Financing activities</b>			
Drawdown on loan facilities net of transaction costs	20a	45,066	-
Principal repayments on loan facilities	20a	(14,367)	-
Interest paid	7	(2,504)	-
Principal and interest paid on lease liability		(245)	(225)
<b>Net cash generated from/(used in) financing activities</b>		<b>27,950</b>	<b>(225)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,624)</b>	<b>(17,196)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>20,384</b>	<b>37,727</b>
Effect of foreign exchange rate changes		(31)	(147)
<b>Cash and cash equivalents at end of year</b>	16	<b>14,729</b>	<b>20,384</b>

# Company Statement of Financial Position

Year ended 31 December

	Note	2023 \$000	2022 \$000
<b>Non-current assets</b>			
Investments	13	21,105	20,140
Trade and other receivables	15	35,527	21,177
		<b>56,632</b>	41,317
<b>Current assets</b>			
Trade and other receivables	15	10,329	4,426
Cash and cash equivalents	16	4,413	20,380
Restricted funds	17	-	8,000
		<b>14,742</b>	32,806
<b>Total assets</b>		<b>71,374</b>	74,123
<b>Equity</b>			
Share capital	18/19	28,143	28,143
Share option reserve	19	965	-
Retained earnings	19	13,525	17,951
<b>Total equity</b>		<b>42,633</b>	46,094
<b>Current liabilities</b>			
Trade and other payables	21	28,741	28,029
		<b>28,741</b>	28,029
<b>Total liabilities</b>		<b>28,741</b>	28,029
<b>Total equity and liabilities</b>		<b>71,374</b>	74,123

The loss for the financial year within the Company accounts of Afentra plc was \$4.4 million (2022: \$3.6 million loss). As provided by s408 of the Companies Act 2006, no individual statement of comprehensive income and expense is provided in respect of the Company.

The financial statements of Afentra plc, registered number 1757721, were approved by the Board of Directors and authorised for issue on 30 May 2024. Signed on behalf of the Board of Directors:

**Paul McDade**  
Chief Executive Officer

30 May 2024

## Company Statement of Changes in Equity

Year ended 31 December 2023

	Share capital	Share option reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
At 1 January 2022	28,143	-	21,580	49,723
Total comprehensive expense for the year	-	-	(3,629)	(3,629)
At 31 December 2022	28,143	-	17,951	46,094
Total comprehensive expense for the year	-	-	(4,426)	(4,426)
Share based payment charge for the year	-	965	-	965
<b>At 31 December 2023</b>	<b>28,143</b>	<b>965</b>	<b>13,525</b>	<b>42,633</b>

# Notes to the Financial Statements

Year ended 31 December 2023

## 1. MATERIAL 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 financial statements have been prepared in accordance with UK adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated. As ultimate parent of the Group, the Company has taken advantage of Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of "qualifying entities", that otherwise apply the recognition, measurement and disclosure requirements of UK adopted international accounting standards.

The disclosure exemption adopted by the Company in accordance with FRS 101 are:

- the requirements under IAS 7 to present a cash flow statement; and
- the requirements of IFRS 7 Financial Instruments: Disclosures, as equivalent disclosures are included in the consolidated financial statements.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The following standards and amendments became effective in the year ended 31 December 2023.

Standard	Description	Effective date
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Amendments – Disclosure of Accounting Policies	1 January 2023
IAS 8	Amendments – Definition of Accounting Estimates	1 January 2023
IAS 12	Amendment - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

None of the above standards or amendments have had a material impact on the Group.

#### (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	Impact
IFRS 16	Amendment – Leases (Amendment-Liability in a Sale and Leaseback)	1 January 2024	No material impact
IAS 1	Amendment – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024	No material impact
IAS 7	Amendment – Supplier Finance Arrangements	1 January 2024	No material impact
IAS 21	Amendment – Lack of exchangeability	1 January 2025	No material impact

### 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 - 41. The financial position of the Group and Company, its cash flows and liquidity position are described in the Financial Review on pages 60 - 63. In addition, Note 24 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 from the signing of the annual report. Consequently, the Directors believe that both the Group and Company are well placed to manage their business risks successfully.

The Group has sufficient cash resources based on existing cash on balance sheet, proceeds from future oil sales and utilisation of the revolving working capital facility to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements, based on forecasts covering the period through to 31 December 2025, notwithstanding the impact of the situation in Ukraine and the Middle East and the resultant impact to commodity prices and foreign exchange rates.

The Board has looked at a combination of downside scenarios, including a production shortfall alongside lower than anticipated oil prices. The impact of the downside scenarios can be mitigated by the implementation of hedges of 70% of the remaining 2024 cargos. Further scenarios associated with additional acquisitions of KON15 and KON19 have also been reviewed and the Board believe that liquidity is sufficient to pursue these opportunities and cover all financial covenants, the tests of which, for current borrowings, have been passed for the Historic Ratio (Net debt/Ebitda) and the Gross liquidity test, and are not forecast to be breached within the going concern period. The Board also notes the implementation of the hedging policy and is confident in the utilisation of commodity-based derivatives to manage oil price downside risk. Thus, the Board believes its appropriate to continue to adopt the going concern basis of accounting in preparation of the financial statements.

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.

### 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.

# Notes to the Financial Statements

Year ended 31 December 2023

## e) Joint arrangements

The Group is a party to a joint arrangement regardless of whether the Group has joint control of the arrangement. Where the contractual arrangement confers joint control over the relevant activities to the Group and at least one other party then the Group classifies its interest in the joint arrangement as joint operations or joint ventures in accordance with IFRS11. Joint control is assessed under the same principles as control over subsidiaries. If there is no joint control, then the Group classifies its interest in the joint arrangement as a party to a 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 arrangements by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

## f) Revenue

Revenue is derived from the sales of oil, from the interests held for Block 3/O5 and Block 3/O5A in Angola. Revenue from the sale of crude oil is recognised when performance conditions in the sales contract are satisfied and it is probable that the Group will collect consideration to which it is entitled. For crude oil the performance condition is the delivery of the oil through lifting or on delivery of the oil into an infrastructure.

### Under/overlift

Any production imbalance that may arise as a result of lifted volumes being different to produced volumes has been recognised as an adjustment to cost of sales, with the balance being recognised within trade and other receivables/payables. Underlifted barrels have been valued at cost and overlifted barrels have been valued at market value.

## g) 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.

#### *Depreciation, Depletion and Amortisation*

Costs associated with Development and Production assets, including the costs of facilities, wells and subsea equipment are capitalised within Property, Plant & Equipment. These costs are depreciated on a unit of production basis based on the total proved and probable reserves of the asset.

### *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.

#### **h) 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

#### **i) 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 the 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.

#### **j) Taxation**

##### **Current tax - Angola**

The activities relating to the Angolan branch are subject to tax in Angola. Angolan tax is calculated on the basis of revenue rather than the profits of the branch. Petroleum income tax is calculated on the basis of profit oil which is valued by the tax reference prices determined by the Ministry of Finance on a quarterly basis. From 1 January 2024 the group has applied the foreign branch election that ringfences the profits in Angola to only be subject to Angolan tax.

##### **Current tax – United Kingdom**

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.

#### **k) 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.

# Notes to the Financial Statements

Year ended 31 December 2023

## **l) 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.

## **m) Financial instruments**

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

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

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

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

### **Cash and cash equivalents**

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

### **Restricted cash**

Restricted cash amounts are fully cash collateralised and are only available on demand. Please see Note 17 for detailed disclosure.

The Group has the following financial liabilities; all are classified as held at amortised cost.

### **Non-current asset – decommissioning pre funding**

The prefunding amount recognised is limited to the lower of the decommissioning liability recognised and the value of the prefunding provided. Please see Note 12 for detailed disclosure.

### **Trade payables**

Trade payables are stated at their amortised cost.

### **Borrowings and loans**

Interest bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges relating to securing the loans and overdrafts are capitalised as part of the loan and amortised over the repayment term period of the loan.

### **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.

## **n) 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.

## **o) 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 Group currently only operates in Africa supported by the United Kingdom head office which is not deemed to be an operating segment as it does not generate any revenue outside of the operations in Africa. As the Group only has one operating segment no further breakdown has been provided.



#### p) Decommissioning liabilities

Provisions for decommissioning are recognised when the Group has a present legal or constructive obligation, which generally arises when a well is drilled or equipment installed. The provision for future decommissioning is calculated, based on future cash flows discounted at a pre-tax discount rate to reflect risks specific to the costs. An amount equivalent to the initial provision for decommissioning costs is capitalised and amortised over the life of the underlying asset. With regard to prefunded decommissioning obligations the Group follows guidance provided by IFRIC 5 (Interpretations Committee response) where the future reimbursement shall be measured at the lower of:

- a. the amount of the decommissioning obligation recognised; and
- b. the contributor's share of the fair value of the net assets of the fund attributable to contributors.

The Group has recognised its working interest share (18%) in the value of the prefund of \$553m (gross) as a non-current asset "Decommissioning pre-funding" and has also recorded an offsetting long-term liability. In accordance with IAS 37 the amount recognised has been inflated out to 2040 (licence expiry) using long term US inflation rates as a guide (the Group has selected 2.5%) and discounted back to reflect the present value at a discount rate of 4.07%.

#### q) Inventories

Oil Inventories are stated at the lower of cost or net realisable value. The cost comprises direct materials, direct labour, overheads, and other charges incurred in the production and storage of oil. Other inventories are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on a first-in, first-out basis.

#### r) Share based payments

Employees (including Senior Executives) of the Group receive remuneration in the form of share-based payment transactions which are equity settled. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The key areas of estimation regarding share based payments are share price volatility; and estimated lapse rates.

No adjustments are made in respect of market conditions not being met, neither the number of instruments nor the grant-date fair value is adjusted if the outcome of the market condition differs from the initial estimate.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share. This shows the maximum number of awarded share awards/options, the expected number to vest will be lower than this due to factors such as the vesting criteria and the settlement being made on a net of tax basis.

## 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

#### Business combinations and asset acquisitions

The Group has acquired a working interest in a producing oil block and judgement is required to determine whether the acquisition should be accounted for as an asset acquisition or a business combination. The Group assessed joint control, as determined under IFRS11, does not exist among the contractor partners to the arrangement because there are several combinations of partners who can combine to meet the passmark vote for strategic and financial decisions.

No specific accounting guidance exists for an acquisition of a working interest in a producing oil block where joint control does not exist and management have determined the acquisition will be accounted for as an asset acquisition under IFRS 3 and requires an allocation of the consideration across the identified assets and liabilities based on their relative fair values.

#### Company – Investment

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

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

As at 31 December 2023, Company investments in subsidiaries totalled \$21.1 million (see Note 13), the majority being underpinned by the Odewayne exploration Block in Somaliland. After reviewing the feasibility of the asset detailed in the Asset summary on pages 28 - 41, 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 - 41 and considering the key factors including; the extension to the current period and further exploration work streams planned in 2023, management did not note any impairment indicators that would result in a full impairment review to be undertaken.

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

### Contingent consideration

Contingent consideration in relation to the asset acquisitions relation to Block 3/O5 and 3/O5A in Angola is accounted for as a financial liability at fair value at the date of the acquisition with any subsequent remeasurements recognised in profit or loss. These fair values are generally based on risk adjusted future cash flows discounted using the appropriate discount rates. Management utilise a scenario based approach to estimate the likely contingent payments under each scenario and then apply a probability to each scenario.

The sensitivity of the elements of contingent consideration to changes in the probabilities of the scenarios and to the discount rates is disclosed in Note 22a.

### Estimates

#### Oil and gas reserve estimate

Oil and gas reserves are estimate quantities of oil, gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reserves under existing economic and operating conditions. The process requires interpretation of the available technical data and making many assumptions about future conditions, including price and other economic factors. As the economic assumptions and interpretations used may change and as additional geological information is obtained during the operation of the field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results in the following areas:

- The carrying value of oil and gas exploration and evaluation assets and development and production assets
- The depreciation, depletion and amortisation charges
- Provisions for decommissioning
- Contingent consideration

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

IFRS 9 requires the Company to make assumptions when implementing the forward-looking expected credit loss model. This model is required to be used to assess other receivables (Decommissioning fund) and 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 2023. No movement in credit loss allowances for amounts owed from subsidiary undertakings occurred during the period.

# Notes to the Financial Statements

Year ended 31 December 2023

## 3. REVENUE

	2023 \$000	2022 \$000
Revenue from crude oil sales	26,390	-
Total operating revenue	26,390	-

All of the revenue from crude oil sales was generated in Angola, Africa.

## 4. COST OF SALES

	2023 \$000	2022 \$000
Operating Costs	11,726	-
Depletion of property, plant and equipment - oil and gas	2,600	-
Depletion absorbed into inventories	(1,755)	-
	12,571	-

All cost of sales relate to operations in Angola, Africa.

## 5. PROFIT/LOSS FROM OPERATIONS

Profit/(loss) from operations is stated after charging:

	Note	2023 \$000	2022 \$000
Cost of Sales	4	12,571	-
Staff costs	6	6,536	4,533
Exceptional (one off) cost - RTO process		1,580	2,642
Depreciation of property, plant and equipment	11	280	244
<b>An analysis of auditor's remuneration is as follows:</b>			
Fees payable to the Group's auditors for the audit of the Group's annual accounts		131	63
Audit of the Company's subsidiaries pursuant to legislation		5	5
<b>Total audit fees</b>		<b>136</b>	<b>68</b>

## 6. EMPLOYEE INFORMATION

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

	Group		Company	
	2023	2022	2023	2022
Corporate	10	9	-	-
Non-executive	3	2	3	2
	13	11	3	2

Group and Company employee costs during the year amounted to:

	Group		Company	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Wages and salaries	4,669	3,780	212	174
Social security costs	622	541	15	15
Other pension costs	280	212	-	-
Share based payments	965	-	-	-
	6,536	4,533	227	189

Key management personnel include Directors who have been paid \$2.8 million (2022: \$2.6 million). See Remuneration Committee Report (pages 74 - 83) and Note 27 for additional detail. The highest paid Director in the current year received \$782k (2022: \$745k).

A portion of the Group's staff costs and associated overheads are expensed as pre-licence expenditure (\$4.8 million) or capitalised (\$34k). In 2023 this amounted to \$4.8 million (2022: \$3.1 million).

# Notes to the Financial Statements

Year ended 31 December 2023

## 7. FINANCE INCOME AND FINANCE EXPENSE

	2023 \$000	2022 \$000
<b>Finance income:</b>		
Interest revenue on short-term deposits	240	86
	<b>240</b>	86
<b>Finance expense:</b>		
Interest on borrowings	1,764	-
Finance and arrangement fees	392	-
Offtaker fees	776	-
Finance charges on hedge instrument	473	-
Other interest expense	31	-
Bank charges	14	22
Interest expense for leasing arrangement	18	21
Exchange differences	40	154
	<b>3,508</b>	197

## 8. TAXATION

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

	2023 \$000	2022 \$000
UK corporation tax at 23.52% (2022: 19%)	1,799	-
Double tax relief	(1,799)	-
Foreign tax	1,799	-
	<b>1,799</b>	
Loss before tax	<b>(906)</b>	(9,086)
Tax on loss on ordinary activities at standard UK corporation tax rate of 23.52% (2022: 19%)	<b>(213)</b>	(1,726)
<b>Effects of:</b>		
Expenses not deductible for tax purposes / (income not taxable)	444	(13)
Deferred tax movement on provisions not provided	(79)	(158)
Tax losses carried forward / (utilised)	1,641	1,897
Other tax adjustments	6	
Tax charge for the year	<b>1,799</b>	-

### Deferred tax

At the reporting date the Group had an unrecognised deferred tax asset of \$34.0 million (2022: \$32.6 million) relating primarily to unused tax losses and unutilised capital allowances, with no expiry date. No deferred tax asset has been recognised due to the uncertainty of future profit streams against which these losses could be utilised, as the profits generated in Angola are subject to Angolan tax which is calculated on a profit oil basis which does not allow for the offsetting of historic losses.

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

	2023 \$000	2022 \$000
Loss for the year	(2,705)	(9,086)
Weighted average number of ordinary shares in issue during the year	220,053,520	220,053,520
EPS (US cents)	(1.2)	(4.1)
Total possible dilutive effect of share awards outstanding (see note 26)	23,023,546	-
Fully diluted average number of ordinary shares during the year	243,077,065	220,053,520

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. Share options and awards are not included in the dilutive calculation for loss making periods because they are anti-dilutive.

The dilutive effect of share awards outstanding is the total possible award number and does not take into account vesting conditions potentially not met, or the Group's expectation that these awards will be settled net of tax, that will reduce the impact of the dilutive effect of the awards.

## 10. EXPLORATION AND EVALUATION ASSETS

	Group \$000
Net book value at 1 January 2022	21,289
Additions during the year	35
Net book value at 31 December 2022	21,324
Acquisitions during the year	500
Additions during the year	43
<b>Net book value at 31 December 2023</b>	<b>21,867</b>

Group intangible assets at the year end 2023:

- Block 23 PSA, Angola: Afentra Angola Ltd 40%, and Sonangol 60% (Operator).
- Odewayne PSA, Somaliland: Afentra (East Africa) Limited 34%, Genel Energy Somaliland Limited 50% (Operator) and Petrosoma 16%.

# Notes to the Financial Statements

Year ended 31 December 2023

## 11. PROPERTY, PLANT AND EQUIPMENT

Group	Oil and gas assets \$000	Office lease \$000	Computer and office equipment \$000	Total \$000
<b>Cost</b>				
At 1 January 2022	-	1,203	279	1,482
Modification during the year	-	(60)	(8)	(68)
Additions during the year	-	-	127	127
Disposals during the year	-	-	(49)	(49)
At 31 December 2022	-	1,143	349	1,492
Modification during the year	-	22	9	31
Acquisitions during the year	71,356	-	-	71,356
Additions during the year	6,066	-	18	6,084
Disposals during the year	-	-	(5)	(5)
<b>At 31 December 2023</b>	<b>77,422</b>	<b>1,165</b>	<b>371</b>	<b>78,958</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2022	-	(598)	(159)	(757)
Charge for the year	-	(187)	(57)	(244)
Disposals during the year	-	-	49	49
At 31 December 2022	-	(785)	(167)	(952)
Charge for the year	(2,600)	(190)	(90)	(2,880)
Disposals during the year	-	-	5	5
<b>At 31 December 2023</b>	<b>(2,600)</b>	<b>(975)</b>	<b>(252)</b>	<b>(3,827)</b>
<b>Net book value at 31 December 2023</b>	<b>74,822</b>	<b>190</b>	<b>119</b>	<b>75,131</b>
Net book value at 31 December 2022	-	358	182	540
Net book value at 31 December 2021	-	605	120	725

Block 3/05 PSA, Angola: Afentra Angola Ltd 18%, Sonangol (Operator) 36%, M&P 20%, Azule 12%, Etu Energias 10% and NIS-Naftagas 4%.

Block 3/05A PSA, Angola: Afentra Angola Ltd 5.33%, Sonangol (Operator) 33.33%, M&P 26.68%, Azule 16%, Etu Energias 13.33% and NIS-Naftagas 5.33%.

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 23 (Leases).

See Note 25 for further information on the additions in the year.



## 12. OTHER NON-CURRENT ASSETS

The Group have reviewed the accounting treatment for the decommissioning fund held by the Block 3/05 Operator and have recognised a non-current asset and an offsetting non-current liability for \$77.0 million, which equates to the present value of the future decommissioning liability. It is management's view that the future liability for decommissioning is represented by the totality of the funds held by the Operator, specifically for such purposes. The non-current asset held for decommissioning liability is limited to the lower of the present value of the future decommissioning liability and the amount of the funds held by the Operator.

	2023 \$000	2022 \$000
Decommissioning fund	76,973	-
	<b>76,973</b>	-

## 13. INVESTMENT IN SUBSIDIARIES

	Company \$000
<b>Cost</b>	
At 1 January 2022	20,140
At 31 December 2022	20,140
Additions during the year	965
<b>At 31 December 2022</b>	<b>21,105</b>

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

The subsidiary undertakings at 31 December 2023 are as follows (included on consolidation):

	Country of incorporation	Class of shares held	Type of ownership	Proportion of voting rights held 2023	Proportion of voting rights held 2022	Nature of business
Afentra (UK) Limited	United Kingdom <sup>4</sup>	Ordinary	Direct	100%	100%	Exploration for oil and gas
Afentra Overseas Limited	United Kingdom <sup>4</sup>	Ordinary	Direct	100%	100%	Investment holding company
Afentra (Angola) Ltd <sup>1</sup>	United Kingdom <sup>4</sup>	Ordinary	Direct	100%	100%	Extraction of crude petroleum
Afentra Northwest Africa Holdings Limited	Jersey, CI <sup>5</sup>	Ordinary	Direct	100%	100%	Exploration for oil and gas
Afentra Holdings Limited <sup>2</sup>	Jersey, CI <sup>5</sup>	Ordinary	Indirect	100%	100%	Investment holding company
Afentra (East Africa) Limited <sup>3</sup>	Jersey, CI <sup>5</sup>	Ordinary	Indirect	100%	100%	Exploration for oil and gas

<sup>1</sup> Holder of Afentra (Angola), Lda - (Sucursal em Angola) the local branch in Angola

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

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

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

<sup>5</sup> Registered address - IFC5, St Helier, Jersey, JE1 1ST

A charge is placed on Afentra (Angola) Ltd shares to Mauritius Commercial Bank Limited as required by the terms of the debt facilities.

# Notes to the Financial Statements

Year ended 31 December 2023

## 14. INVENTORIES

	2023 \$000	2022 \$000
Oil stock	9,658	-
Warehouse stock and materials	3,783	-
	<b>13,441</b>	-

Oil stock inventory is stated at the lower of cost and net realisable value.

The Company did not hold any inventory at the year end.

## 15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current				
Trade receivables	90	81	-	-
Amounts owed from subsidiary undertakings	-	-	10,063	4,232
Underlift receivables	3,123	-	-	-
Other receivables	218	167	212	145
Prepayments and accrued income	209	171	54	49
	<b>3,640</b>	419	<b>10,329</b>	4,426
Non-current			Company	
			2023 \$000	2022 \$000
Amounts owed from subsidiary undertakings			35,527	21,177
			<b>35,527</b>	21,177

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 (2022: to \$9.1 million).

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

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

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

**16. CASH IN BANK AND SHORT-TERM DEPOSITS**

	Group		Company	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Cash at bank available on demand	14,725	20,380	4,413	20,380
Cash on hand	4	4	-	-
	<b>14,729</b>	<b>20,384</b>	<b>4,413</b>	<b>20,380</b>

**17. RESTRICTED FUNDS**

As at 31 December 2023 the Group had the following restricted funds:

Funds placed into Escrow, held by Citibank, in respect of a \$4.9 million cash deposit in respect of the Azule Acquisition (2022: \$10.2 million). This Escrow account has been fully cash collateralised.

**18. SHARE CAPITAL**

	2023 \$000	2022 \$000
<b>Authorised, called up, allotted and fully paid</b>		
220,053,520 ordinary shares of 10p (2022: 220,053,520 ordinary shares of 10p)	<b>28,143</b>	28,143

**19. RESERVES**

Reserves within equity are as follows:

**Share capital**

Amounts subscribed for share capital at nominal value.

**Share option reserve**

Cumulative amounts charged in respect of employee share option arrangements. See Note 26 for further details.

**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.

# Notes to the Financial Statements

Year ended 31 December 2023

## 20. BORROWINGS AND NET DEBT

### 20a. Borrowings

The Group has activated elements of both the RBL Facility and Working Capital facility in order to facilitate the completion of the INA and Sonangol acquisitions. As at 31 December 2023, the Group has drawn down \$34.8 million (RBL) and \$nil million (Working Capital) with the following key terms:

#### RBL facility

- 5-year tenor
- 8% margin over 3-month SOFR (Secured Overnight Financing Rate)
- Semi-annual linear amortisations
- Key financial covenant of Net Debt to EBITDA < 3:1

#### Working capital up to \$30 million revolving facility

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

	2023	2022
	\$000	\$000
<b>Current</b>		
Reserve Based Lending Facility	6,752	-
Working Capital Facility	-	-
	<b>6,752</b>	<b>-</b>
	2023	2022
	\$000	\$000
<b>Non-current</b>		
Reserve Based Lending Facility	24,951	-
	<b>24,951</b>	<b>-</b>
	2023	2022
	\$000	\$000
<b>Borrowings</b>		
At 1 January	-	-
Loan drawdowns	48,003	-
Interest charge	1,152	-
Repayments	(15,519)	-
Unamortised debt arrangement cost	(2,545)	-
Interest accrued	612	-
<b>At 31 December</b>	<b>31,703</b>	<b>-</b>

A charge is placed on Afentra (Angola) Ltd shares to Mauritius Commercial Bank Limited as required by the terms of the debt facilities.

## 20b. Net debt

	<b>2023</b>	2022
	<b>\$000</b>	\$000
Cash and cash equivalents	<b>14,729</b>	20,384
Restricted Funds	<b>4,850</b>	10,200
Borrowings	<b>(31,703)</b>	-
Lease liability	<b>(155)</b>	(337)
<b>Net Debt</b>	<b>(12,279)</b>	30,247

	Liabilities			Assets	
	Borrowings	Leases	Sub total	Cash/restricted funds	Total
Net Debt as at 1 January 2022	-	(581)	(581)	37,727	37,146
Lease payments	-	223	223	-	223
Other changes	-	-	-	(7,143)	(7,143)
Interest payments	-	21	21	-	21
<b>Net Debt as at 31 December 2022</b>	<b>-</b>	<b>(337)</b>	<b>(337)</b>	<b>30,584</b>	<b>30,247</b>
Financing cashflows	(45,066)	-	(45,066)	-	(45,066)
Lease payments	-	164	164	-	164
Loan repayments	14,367	-	14,367	-	14,367
Other changes	-	-	-	(11,005)	(11,005)
Interest expense	(2,156)	-	(2,156)	-	(2,156)
Interest payments	1,152	18	1,170	-	1,170
<b>Net Debt as at 31 December 2023</b>	<b>(31,703)</b>	<b>(155)</b>	<b>(31,858)</b>	<b>19,579</b>	<b>(12,279)</b>

## 21. TRADE AND OTHER PAYABLES

	Group		Company	
	<b>2023</b>	2022	<b>2023</b>	2022
<b>Current liabilities</b>	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Trade payables	<b>929</b>	478	<b>909</b>	287
Joint venture balances	<b>22,685</b>	-	-	-
Amounts owed to subsidiary undertakings	-	-	<b>27,540</b>	27,541
Accruals	<b>3,693</b>	2,211	<b>292</b>	201
	<b>27,307</b>	2,689	<b>28,741</b>	28,029

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, with the exception of the intercompany balance between Afentra PLC and Afentra Angola, which is interest bearing.

# Notes to the Financial Statements

Year ended 31 December 2023

## 22. CONTINGENT CONSIDERATION AND PROVISIONS

### 22a. Contingent consideration

Provisions include contingent consideration payable to SNL and INA on Blocks 3/O5 and 3/O5A:

#### INA acquisition:

- Tranche 1: The contingent consideration for 3/O5 relates to the 2023 and 2024 production levels and a realised Brent price hurdle up to an annual cap of \$2.0 million;
- Tranche 2: The contingent consideration for 3/O5A relates to the successful future development of the Caco Gazela and Punja development areas, with production and oil price hurdles. The maximum payable for these development areas is \$5.0 million.

#### SNL acquisition:

- The contingent consideration for the SNL acquisition is payable annually over the next 10 years in each year where production exceeds 15,000bopd, and the realised oil price exceeds \$65. The maximum annual amount payable is \$3.5 million, resulting in a total maximum payment of \$35 million over 10 years.

Management have reviewed the contingent payments related to the SNL and INA acquisitions, which are dependent upon production levels, future oil price hurdles and future B3/O5A developments. Judgement has been applied to the probability of the circumstances occurring that would give rise to some or all of the future payments. For each tranche of contingent consideration Management have applied a multiple scenario approach with 4 scenarios applied to each tranche along with the related weightings of probability resulting in an expected amount payable.

In addition, Management has applied a discount rate that approximates to the incremental borrowing rate in arriving at a present value at the balance sheet date of the probable future liabilities. The discount rate is based at a market rate of 9.1%. Management is therefore comfortable with the liabilities recorded at the balance sheet date in respect of these contingent future events.

In applying Management's judgement to the different scenarios and applying the discount rate noted above results in contingent consideration of \$26.5 million. A 2% increase in the discount rate would result in a reduction in contingent consideration of \$1.6 million and a 2% decrease in the discount rate would result in an increase in contingent consideration of \$1.8 million. The impact of removing the scenarios that have an expectation the realised Brent price hurdles will not be met (5% original weighting) and including a relative increase in the base case scenarios would increase the contingent consideration by \$0.6 million.

	2023	2022
	\$000	\$000
<b>Current</b>		
Contingent consideration	4,621	-
	<b>4,621</b>	-
<b>Non-current</b>		
Contingent consideration	21,863	-
	<b>21,863</b>	-

### 22b. Decommissioning and other provisions

As part of the acquisition of Block 3/O5 from SNL and INA the Group is responsible for the future cost of decommissioning the wells. As set out in Note 12 the decommissioning is prefunded and held by the Block 3/O5 Operator and the Group has recognised a non-current asset to offset the decommissioning non-current liability of \$77.0 million, which equates to the present value of the future decommissioning liability.

The cost of the decommissioning is equal to the agreed decommissioning plan. The Group's share of this cost is \$99.7 million. In calculating the decommissioning liability at 31 December 2023 the cost has been inflated to provide the future cost of decommissioning at a rate of 2.5% and then discounted to the present value at a discount rate of 4.07%. This results in a decommissioning liability of \$77.0 million.

The impact of changes to the inflation and discount rates, independently, would result in the following. An increase in the inflation rate to 3% would increase the decommissioning liability by \$6.6 million. An increase in the discount rate to 4.25% would decrease the decommissioning liability by \$2.2 million. A decrease in the inflation rate to 2% would decrease the decommissioning liability by \$6.1 million. A decrease to the discount rate to 4.00% would increase the decommissioning liability by \$0.9 million.

	2023 \$000	2022 \$000
<b>Non-current</b>		
Decommissioning	76,973	-
Other	37	33
	<b>77,010</b>	<b>33</b>

Movements in current and non-current provisions (contingent consideration) during 2023 are primarily due to the acquisitions of the INA and Sonangol interests in Angola (Block 3/05 (18%) and Block 3/05A (5.33%).

### 23. 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 11).

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 2023. The incremental borrowing rate applied to the lease liabilities on 1 January 2023 was 5%.

The depreciation charge in 2023 was \$190k (2022: \$187k) (see Note 11) with an interest expense in 2023 of \$18k (2022: \$21k) (see Note 7). Cash outflow in 2023 was \$227k (2022: \$204k).

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

	2023 \$000	2022 \$000
Current	155	210
Non-current	-	127
	<b>155</b>	<b>337</b>

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 2023, the contractual maturities of the Company's lease liabilities are as follows:

	Within one year \$000	Between one to two years \$000	Over two years \$000	Total \$000	Interest \$000	Carrying amount \$000
<b>Group</b>						
Lease liability	163	-	-	163	(8)	155

# Notes to the Financial Statements

Year ended 31 December 2023

## 24. FINANCIAL INSTRUMENTS

### Capital risk management and liquidity risk

The Group and Company are 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.

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 2023 and 31 December 2022.

Group	Carrying amount/Fair value	
	2023 \$000	2022 \$000
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	14,729	20,384
Restricted funds	4,850	10,200
Trade and other receivables	3,431	248
<b>Total</b>	<b>23,010</b>	<b>30,832</b>
<b>Financial liabilities at amortised cost</b>		
Borrowings (current)	6,752	-
Non-current borrowings	27,381	-
Trade and other payables	27,307	2,689
<b>Total</b>	<b>61,440</b>	<b>2,689</b>

Of the above assets and liabilities due to the short term nature, carrying amounts approximate their fair values at 31 December 2023 and 31 December 2022 except for non-current borrowings, for which the fair value is based upon a market rate of 9.1% and therefore having a fair value of \$27.4 million against the carrying amount of \$25.0 million.

Financial liabilities at fair value	2023	2022
	\$000	\$000
Contingent consideration	26,484	-
<b>Total</b>	<b>26,484</b>	<b>-</b>

Provision for contingent consideration is a financial liability measured through profit or loss with a level 3 fair value hierarchy classification. There were no transfers between fair value levels during the year. Contingent consideration was valued using a discounted cash flow and scenario analysis method. The main inputs in the valuation process were discount rates, forecast realised crude oil prices and future production. See Note 22a for details of the sensitivity analysis performed.

### 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 has outstanding borrowings (see Note 20) and thus, the Group and Company is exposed to interest rate risk on its borrowings and short-term cash deposits. The Group monitors this risk and utilises its hedging policy if and when required.

### 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	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Cash and cash equivalents	147	204	(147)	(204)
Borrowings	(317)	-	317	-

### Foreign currency risk

The Company's functional currency is the US dollar, being the currency in which the majority of the Group's expenditure is transacted. Small elements of its management, services and treasury functions are held and transacted in Pounds Sterling. Such elements transacted in Pounds Sterling have been exchanged at; the average rate of \$1.2434/£1.00 (2022: \$1.2362/£1.00) or the year end spot rate of \$1.2747/£1.00 (2022: \$1.2039/£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	
	2023	2022
	\$000	\$000
<b>Cash and cash equivalents</b>		
Cash and cash equivalents held in US\$	13,222	20,094
Cash and cash equivalents held in GBP	1,507	290
	<b>14,729</b>	<b>20,384</b>

	Group	
	2023	2022
	\$000	\$000
<b>Trade and other receivables</b>		
Trade and other receivables held in US\$	3,142	-
Trade and other receivables held in GBP	289	248
	<b>3,431</b>	<b>248</b>

# Notes to the Financial Statements

Year ended 31 December 2023

## Financial liabilities

	Group	
	2023 \$000	2022 \$000
<b>Trade and other payables</b>		
Trade and other payables held in US\$	24,262	1,999
Trade and other payables held in GBP	3,045	690
	<b>27,307</b>	<b>2,689</b>

	Group	
	2023 \$000	2022 \$000
<b>Borrowings</b>		
Borrowings held in US\$	6,752	-
Non-current borrowings held in US\$	24,951	-
	<b>31,703</b>	<b>-</b>

## Credit risk management

The Group has to manage its currency exposures and the credit risk associated with the credit quality of the financial institutions in which the Group maintains its cash resources. At the year end the Group held approximately 89.8% (2022: 98.6%) 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 counterparties with no default history. There are no financial assets held at fair value under the level 1, 2 and 3 hierarchy.

## Liquidity and interest rate tables

The following tables detail the remaining contractual maturity for the non-derivative financial assets and liabilities of the Group. 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 cashflows on actual contractual arrangements.

The weighted average interest rate used in 2023 is nil % (2022: nil %).

	Less than six months \$000	Six months to one year \$000	One to six years \$000	Total \$000	Interest \$000	Principal \$000
<b>Group</b>						
Borrowing (2023)	5,065	5,413	34,901	45,379	11,743	33,636
Trade and other payables (2023)	76	22,685	-	22,761	-	-
Trade and other payables (2022)	355	-	-	355	-	-

## 25. ASSET ACQUISITIONS

During the period the Group completed the acquisition of interests in Block 3/O5 (18%) and Block 3/O5A (5.33%) offshore Angola for a net \$48.1 million payment with subsequent contingent payments of \$26.5 million. See Note 22a for details of the contingent consideration.

	Block 3/O5 \$000	Block 3/O5A \$000	Block 23 \$000	Total \$000
<b>Consideration</b>				
Initial consideration	65,000	3,000	500	68,500
Actual adjustments from effective date	(34,604)	2,203	-	(32,401)
Contingent consideration - extension of Block 3/O5 licence	10,000	-	-	10,000
Contingent consideration - oil price linked	2,028	-	-	2,028
<b>Consideration paid</b>	<b>42,423</b>	<b>5,203</b>	<b>500</b>	<b>48,126</b>
Contingent consideration - oil price and production linked / future developments	25,122	1,362	-	26,484
<b>Total consideration</b>	<b>67,545</b>	<b>6,565</b>	<b>500</b>	<b>74,610</b>
<b>Net assets</b>				
Oil and gas properties	63,745	7,611	-	71,356
Other non-current assets (decommissioning fund)	76,973	-	-	76,973
Exploration and evaluation assets	-	-	500	500
Non-current provision (decommissioning)	(76,973)	-	-	(76,973)
Inventory (Oil Stock)	14,272	88	-	14,360
Joint Venture partner balance	(2,165)	627	-	(1,538)
Joint Venture working capital	(8,307)	(1,761)	-	(10,068)
<b>Net assets acquired</b>	<b>67,545</b>	<b>6,565</b>	<b>500</b>	<b>74,610</b>

The Group performed an assessment of the SNL and INA acquisitions to determine whether the acquisition should be accounted for as an asset acquisition or a business combination. For both transactions, the Group established that under IFRS11, joint control does not exist, and therefore the Group have deemed the acquisition to qualify as an acquisition of group of assets and liabilities, not of a business. Furthermore, the Group gave regard to guidance included under IFRS 11- Joint Arrangements, and will account for its share of the income, expenses, assets, and liabilities from the acquisition date.

The consideration (contingent and actual consideration paid) was allocated to assets and liabilities based on their relative fair values.

# Notes to the Financial Statements

Year ended 31 December 2023

## 26. SHARE BASED PAYMENTS

	2023 \$000	2022 \$000
At 1 January	-	-
Arising in the year	965	-
<b>At 31 December</b>	<b>965</b>	<b>-</b>

During the year, Afentra plc operated two share incentive schemes: the Founder Share Plan (FSP) and the Long-Term Incentive Plan (LTIP). Details of the schemes are summarised below:

### Founder Share Plan

Under the FSP, the founders are eligible to receive 15% of the growth in returns of the Company over the five year period commencing from its Admission to AIM on 16 March 2021. The awards are expressed as a percentage of the total maximum potential award, being 10% of the Company's issued share capital.

Should a hurdle of doubling the Total Shareholder Return ("TSR") over the five-year period be met, the awards will be converted into nil cost options over ordinary shares of 10p each in the share capital Company.

For the purpose of determining the fair value of an award, the following assumptions have been applied and a valuation calculation run through the Monte Carlo Model:

Award date	2022
Weighted average share price at grant date	£0.15
Exercise price	nil
Risk free rate	1.88%
Dividend yield	0%
Volatility of Company share price	44%

The risk-free rate assumption has been set as the yield as at the grant date on zero coupon government bonds of a term commensurate with the remaining performance period.

The volatility assumptions are based on the daily share price volatility over a historical period prior to the respective dates of grant with length commensurate to the expected life.

The weighted average exercise price of outstanding options is nil.

The weighted average remaining contractual life as at 31 December 2023 is 26 months.

### Long Term Incentive Plan

The awards issued under the LTIP are nil-cost options to acquire ordinary shares in the Company, subject to a performance condition. For the purpose of determining whether the condition has been met, the TSR of the Company is measured over the three year performance period, commencing at the grant date. The awards have been valued using the Monte Carlo model, which calculates a fair value based on a large number of randomly generated simulations of the Company's TSR.

Award date	16 Mar 21	1 Nov 22	30 Sep & 3 Oct 22	1 Mar 23	6 & 13 Dec 23
Weighted average share price at grant date	£0.15	£0.30	£0.30	£0.28	£0.30
Risk free rate	1.90%	4.20%	4.23%	3.75%	3.92%
Dividend yield	0%	0%	0%	0%	0%
Volatility of Company share price	40%	54%	54%	55%	54%
Weighted average fair value	£0.04	£0.16	£0.16	£0.15	£0.16

The risk-free rate assumption has been set as the yield as at the grant date on zero coupon government bonds with remaining term commensurate with the remaining projection period.

The volatility assumptions are based on the daily share price volatility over a historical period prior to the respective dates of grant with length commensurate to the expected life.

The weighted average exercise price of outstanding options is £nil.

The weighted average remaining contractual life as at 31 December 2023 is 15 months.

Employees (including Senior Executives) of the Company receive remuneration in the form of share-based payment transactions which are equity settled. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using an appropriate pricing model. Although these awards are deemed to be equity settled, an employee may elect to receive their entitled settlement, in whole or in part, in cash.

The estimated cost of equity-settled transactions is recognised in the profit and loss account as an expense, together with a corresponding increase in equity. This expense and adjustment to equity is recognised over the period in which the performance and/or service conditions are measured (the "vesting period"), ending on the date on which the relevant participants become fully entitled to the award (the "vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

# Notes to the Financial Statements

Year ended 31 December 2023

The key areas of estimation regarding share based payments are share price volatility and estimated lapse rates, due to service conditions and non-performance conditions not being met.

No adjustments are made in respect of market conditions not being met. Similarly, the number of instruments and the grant-date fair value are not adjusted, even if the outcome of the market condition differs from the initial estimate.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

## 27. RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Short-term employee benefits	2,684	2,445	212	174
Defined contribution pension	120	114	-	-
	2,804	2,559	212	174

Further information on Directors' remuneration is detailed in the Remuneration Committee Report, on pages 74 - 83.

The Company's subsidiaries are listed in Note 13. The following table provides the balances which are outstanding with subsidiary undertakings at the balance sheet date:

	2023	2022
	\$000	\$000
Amounts owed from subsidiary undertakings	45,590	25,409
Amounts owed to subsidiary undertakings	(27,540)	(27,541)
	18,050	(2,132)

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

## 28. SUBSEQUENT EVENTS

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

- Afentra submitted bids, as a non-operating partner, for Blocks KON15 (1,000 km<sup>2</sup>) and KON19 (900 km<sup>2</sup>) located in the Kwanza onshore Basin and in January has been informed that it has been selected as the preferred bidder for 45% equity in both Blocks.
- In February 2024, the Company sold its first 2024 cargo of 450,000 bbls of crude oil. The sales price inclusive of the Brent premium was \$85/bbl, generating pre-tax sales of \$38.2 million to Afentra.
- In March 2024 conditional share option awards were granted to the Executive Directors of the Company under the terms of the Afentra plc Founders' Share Plan.
- In March 2024, Afentra with its partners agreed and initialed the PSA for the onshore Block KON19 with Agência Nacional de Petróleo, Gás e Biocombustíveis ('ANPG') and now await the formal approval of the Angolan Government.
- In March 2024, Afentra announced that it had received approval from the Angolan Competition Authority for the acquisition from Azule of a 12% non-operating interest in Block 3/O5 and a 16% non-operating interest in Block 3/O5A, offshore Angola.
- In April 2024, Afentra announced that it had received approval from the Government of Angola for the Azule Acquisition.
- In April 2024, Afentra announced that the Government of Angola had declared the Punja Development Area in Block 3/O5A a marginal discovery with improved fiscal terms now applicable for the remainder of its term.
- In May 2024, Afentra announced the completion of the Azule acquisition resulting in Afentra holding non-operated interests of 30% in Block 3/O5 and 21.33% in Block 3/O5A, including the following completion settlement figures:
  - Net completion payment of \$28.4 million, with Afentra inheriting crude oil stock of c.480,000 barrels.
  - Net completion payment to be funded by \$4.9 million held in escrow, \$17.0 million from the agreed RBL and \$6.5 million from cash resources.
  - Further contingent payments payable to Azule include up to \$14.0 million over two years for Block 3/O5 (subject to oil price thresholds) and up to \$15.0 million (for future developments, subject to oil price thresholds and production hurdles in Block 3/O5A).
  - Following the Azule acquisition, the total RBL drawn is \$47.3 million, the total working capital facility drawn is \$13.7 million, and the cash balance is \$14.8 million, resulting in a net debt of approximately \$46.2 million.
  - After completing the Azule acquisition, the company holds a stock of c. 840,000 barrels, that can be valued at \$63.0 million (based on \$75 per barrel) on a pre-tax basis.
  - The company expects to sell its next cargo of crude oil (around 450,000 barrels) in June 2024.
  - Mauritius Commercial Bank continues as the lender to the company. Trafigura retains an interest in the RBL facility and will continue as offtake provider.

## 29. COMMITMENTS

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

The Parent Company (Afentra Plc) has provided a guarantee to Afentra (Angola) Limited in relation to the debt facilities, no fee has been charged for providing the guarantee.

## Definitions and Glossary of Terms

\$	US dollars
2D	Two dimensional
2C	Denotes best estimate of Contingent Resources
2P	Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves
AIM	AIM, a SME Growth market of the London Stock Exchange
AGM	Annual General Meeting
ALNG	The Angola LNG project
ANPG	Agência Nacional de Petróleo, Gás e Biocombustíveis (holder of the mining rights of Exploration, Development and Production of liquid and gaseous hydrocarbons in Angola)
Articles	The Articles of Association of the Company
Block 3/O5	The contract area described in and covered by the Block 3/O5 PSA
Block 3/O5A	The contract area described in the Block 3/O5A PSA
Block 23	The contract area described in and covered by the Block 23 PSA
Board	The Board of Directors of the Company
bbls	Barrels of oil ('k-' / 'mm-' / 'bn-' for thousand / million / billion)
Bopd	Barrels of oil per day ('k-' / 'mm-' for thousand / million)
Bwipd	Barrels water injection per day
CCRA	Climate Change Risk Assessment
Companies Act or Companies Act	The Companies Act 2006, as amended 2006
Company	Afentra plc
CPR	Competent Persons Report
Directors	The Directors of the Company
E&E	Exploration and evaluation assets
E&P	Exploration and production
EBITDAX (Adjusted)	Earnings before interest, taxation, depreciation, total depletion and amortisation, impairment, share-based payments, provisions, and pre-licence expenditure
EITI	Extractive Industries Transparency Initiative
Entitlement Reserves	Entitlement production/reserves refers to the share of oil/gas that a company is entitled to receive based on fiscal and contractual agreements governing the specific asset.
EOR	Enhanced Oil Recovery
ERCe	ERC Equipoise Limited (author of the Competent Person's Report)
ESP	Electrical Submersible Pumps
Farm-in & farm-out	A transaction under which one party (farm-out party) transfers part of its interest to a contract to another party (farm-in party) in exchange for a consideration which may comprise the obligation to pay for some of the farm-out party costs relating to the contract and a cash sum for past costs incurred by the farm-out party
FID	Final investment decision
FSO	Floating storage and offloading
G&A	General and administrative
GBP	Pounds sterling
G&G	Geological and geophysical
Genel Energy	Genel Energy Somaliland Limited
GHG	Greenhouse gases
GOR	Gas Oil Ratio



Group	The Company and its subsidiary undertakings
H&S	Health and Safety
HSSE	Health, Safety, Security and Environment
hydrocarbons	Organic compounds of carbon and hydrogen
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
INA	INA-Indstrijia Nafta d.d
IOC	International oil company
IPCC	Intergovernmental Panel on Climate Change
JV	Joint venture
JOA	Joint operating agreement
k	Thousands
km	Kilometre(s)
km <sup>2</sup>	Square kilometre(s)
KPIs	Key performance indicators
lead	Indication of a potential exploration prospect
Lifex	Life extension capex
LNG	Liquefied Natural Gas
London Stock Exchange or LSE	London Stock Exchange Plc
LTI	Lost time Injury
LTIP	Long-term incentive plan
LWI	Light Well Intervention
M&A	Mergers and acquisitions
m	Metre(s)
NFA	No Further Activity - forecast without new Capex invested
NOCs	MNational oil company
O&G	Oil and gas
OECD	Organisation for Economic Cooperation and Development
Op.	Operator
Opex	Operating expenditure
Ordinary Shares	ordinary shares of 10 pence each
Petroleum	Oil, gas, condensate and natural gas liquids
Petrosoma	Petrosoma Limited (JV partner in Somaliland)
Prospect	An area of exploration in which hydrocarbons have been predicted to exist in economic quantity. A group of prospects of a similar nature constitutes a play.
PSA	Production sharing agreement
QCA Code	Corporate Governance Code for Small and Mid-Size Quoted Companies 2018
RBL	Reserve-Based Lending
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria; they must be discovered, recoverable, commercial and remaining based on the development projects applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status

## Definitions and Glossary of Terms

continued

RTO	Reverse takeover (pursuant to Rule 14 of the AIM Rules)
SPA	Sale and Purchase Agreements
Seismic	Data, obtained using a sound source and receiver, that is processed to provide a representation of a vertical cross-section through the subsurface layers
SOFR	Secured Overnight Financing Rate
Shares	10p ordinary shares
Shareholders	Ordinary shareholders of 10p each in the Company
Subsidiary	A subsidiary undertaking as defined in the 2006 Act
Sonangol	Sonangol Pesquisa e Producao S.A.
Sonangol EP	Sociedade Nacional de Combustíveis de Angola, Empresa Pública
TCFD	Task force on Climate-related Financial Disclosure
Third and Fourth Period	Exploration terms: Third Period is to May 2025 with a work commitment of 500km 2D seismic acquisition; Fourth Period is to October 2026 with a work commitment of 1,000km 2D seismic acquisition and one exploration well
Trafigura	Trafigura PTE
TRIF	Total Recordable Incident Frequency
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
ZRF	Zero Routine Flaring

## Professional Advisors

### **Nominated Advisor and Joint Corporate Broker**

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### **Joint Corporate Broker**

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### **Financial PR**

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### **Corporate Bankers**

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### **Legal**

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