ORCA

A Legacy of Long-Term Investment and Countrywide Commitment

Annual Report & Accounts 2023

Welcome

Powering Tanzania's Future with Natural Gas

Welcome to Orca Energy Group's 2023 Annual Report. Our purpose is to facilitate Tanzania's development and economic growth by supplying reliable natural gas to the power and industrial sectors, aiding the transition towards a lower carbon economy. Our primary objective is to create long-term sustainable value for our investors, partners, communities, and employees. We are committed to maximizing our positive impact for our stakeholders and the local communities we serve, while minimizing our environmental footprint.

Developing:
Supporting Tanzania's economic and industrial development.

Operating:
Achieving operational excellence and empowering the Company's local workforce.

Growing:
Maintaining a strong liquidity position and balancing growth opportunities with capital returns for investors.

Supporting:
Ensuring that production and the development of Songo Songo benefit all stakeholders.

85.6 MMcfd
Gas sales

<1%
Staff turnover

128
Orca and PanAfrican Energy employees

19 years
Operating the Songo Songo natural gas field

DRIVING TANZANIA'S DEVELOPMENT WITH THE POWER OF NATURAL GAS

Our Website

Find out more information about the Company.

Online Summary

An online summary of this report can be found on Orca's website.

Find out more at orcaenergygroup.com

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At a Glance

Empowering Communities: Our Pledge to Tanzania's Progress

Orca Energy Group, through its subsidiary PanAfrican Energy Tanzania Limited ("PAET"), operates the Songo Songo Production Sharing Agreement ("PSA") as part of an integrated gas-to-power project in Tanzania. This project, which converts gas to electricity, was the first of its kind not only in Tanzania but also in the broader East Africa region. The project was conceived by the Tanzanian Government after a decade of thorough economic evaluations and extensive contract negotiations.

The Company operates a natural gas field that spans an area of approximately 180 square kilometers. This field contains the Songo Songo reservoir, situated on and slightly offshore of Songo Songo Island. The island is about 15 kilometers off the coast and 200 kilometers south of Dar es Salaam, located in the shallow waters of the continental shelf. The license to operate this field is under a PSA with the Tanzanian Government and the Tanzania Petroleum Development Corporation ("TPDC").

78%

of our 2022 intern uptake were offered full time employment in 2023

Investing in schooling

Empowering girls' education

Providing internships that turn into careers

We are committed to **maximizing** our **positive impact** for our **stakeholders** and the **local communities** we serve.

Financial Highlights

Revenue	-7%

$110.2m

(2022: $118.1m)

Net income attributable to shareholders	-75%

$7.0m

(2022: $27.7m)

Net income attributable to shareholders per share	-75%

$0.35

(2022: $1.39)

Working capital[1]	+9%

$67.3m

(2022: $61.6m)

Net cash flows from operating activities	-28%

$48.5m

(2022: $67.7m)

Cash and cash equivalents	+5%

$101.6m

(2022: $96.3m)

Glossary

$	US dollar
MMcfd	Million standard cubic feet per day
$m	Million US dollar

[1] "Working capital" is a non-GAAP financial measure that does not have a standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "Working Capital" and "Non-GAAP Financial Measures and Ratios" in the 2023 Annual Management's Discussion & Analysis for information relating to this non-GAAP financial measure, which information is incorporated by reference into this document.

CEO's Statement

The Uncertainty Ahead of Us

Tanzania's economy continues to be one of the fastest growing in Africa, which has led to a significant increase in demand for natural gas.

There are several factors contributing to this demand. Firstly, demand is outstripping hydropower and distribution capacity. Additionally, the commissioning of the new gas-fired generation capacity in 2022, has exceeded expectations and is operating as a continuous base load requiring increased gas supply in country. Our decision to proactively complete the compression project in 2022 was pivotal in satisfying increased electrical demand from customers, leading to an increase in total volumes sold. In 2023, there was ongoing planning for field development aimed at enhancing efficiencies with the successful completion of the installation of positive chokes in Q1 2024.

Since April 2023, Orca has repeatedly requested the Tanzania Petroleum Development Corporation ("TPDC") to apply to the Government of Tanzania to extend the development license in accordance with the terms of the Production Sharing Agreement (PSA) between the Company, TPDC and the Government of Tanzania. These requests have been made given the increased demand and supply challenges and the consensus forecasts for the need for increased gas supplies in country to meet growing electricity demand. Orca has proven itself as a committed and successful long-term investor in Tanzania. Current uncertainty around the license extension places the Company, and its ability to ensure a stable supply of natural gas for electricity generation in a problematic position. With only two and a half years remaining on the license, planning and executing future operational work and field development pose economic and execution challenges. Extending the license would facilitate comprehensive planning and enable the commencement of a longer-term solution to meet the anticipated increase in domestic gas demand.

In terms of production, Orca experienced a slight year-on-year decrease of 1% in 2023, partly due to the significant increase in total production volumes in 2022. At December 31, 2023, the average gross gas sales stood at 85.6 MMcfd, within the revised guidance range of 85 - 90 MMcfd. Looking ahead to 2024, Orca's average production guidance is 80 - 90 MMcfd. This projection takes into account current contracted volumes and anticipates the completion of gas sales contract negotiations with the Tanzania Electric Supply Company ("TANESCO") and Songas, both of which are due to expire on July 31, 2024. The Board believes that all of the commercial agreements set to expire on July 31, 2024 need to be negotiated and finalized in parallel in an expedited manner, as these are crucial power supply agreements for the nation of Tanzania.

Orca has identified several near-term operational projects to optimize the existing Songo Songo natural gas field facilities. These initiatives aim to boost well and reservoir performance through intervention and logging efforts, which are expected to support current production levels. One of the operational projects planned for 2024 is an intervention in offshore well SS-7, which allows Orca to access the different high pressure compartments in the reservoir. The intervention also aims to shut off water production that led to the well being shut-in during 2019. If successful, this intervention could potentially increase field deliverability by 20-25 MMcfd. Orca has incurred initial costs to prepare for this project in the summer of 2024 but the final decision to proceed depends on the availability of US dollars, contract negotiations for the sale of gas and various stakeholder consents. Overall, however, our aim will be to continue to supply volumes to meet our contract requirements and help meet the power needs of Tanzania.

The ability for Orca to convert Tanzanian shillings to hard currency to fund capital costs has been impaired due to a lack of hard currencies in country. The availability of hard currency has significantly contracted due to a combination of factors, including the COVID-19 pandemic disrupting economic activity in country which has affected currency flows, as well as geopolitical tensions between Ukraine and Russia impacting global inflation. It is crucial for foreign direct investment ("FDI") in Tanzania to continue in order to support the growing population and expanding economy. This is especially critical for us, as over 90% of our revenue is received in Tanzanian shillings.

On a positive note, Orca has taken advantage of increased foreign exchange availability within the country during Q4 2023 and Q1 2024, although this remains to be a volatile situation and beyond Orca's control. As of December 31, 2023, Orca ended the year with cash and cash equivalents of $101.6 million of which our current Tanzanian shilling balance was 40.5%.

During March 2024, a preliminary planning meeting was held with the Government Negotiating Committee to discuss the timing around negotiations. As we enter this critical period, I would like to emphasis the urgent need for all parties involved to engage in agreeing on a path forward to a license extension. The Company recognizes the escalating demand for domestic gas production driven by Tanzania's fast growing economy. Extending the license will allow Orca to continue optimizing existing facilities, boost well and reservoir performance, and ensure a reliable and sustainable supply of natural gas within Tanzania's energy framework. Orca awaits meaningful engagement on this matter and wishes to constructively participate in a dialogue to move this project of national importance forward. We will update the market in due course.

(signed) *"Jay Lyons"*

Jay Lyons
Chief Executive Officer
April 4, 2024

TANZANIA REVENUE AUTHORITY AWARD

PAET is honored to be recognized as the top taxpayer in the energy sector for 2023 by the Tanzania Revenue Authority ("TRA"). This award signifies our commitment to socio-economic development, financial transparency, and ethical business practices. It's a testament to our adherence to national laws and our role in Tanzanian society. The award reflects our values and the diligent work of our Tanzanian team over the past two decades in ensuring a stable supply of natural gas, thereby fostering industrial and economic growth. We thank the TRA for this recognition and we look forward to a continued partnership.

The Orca Difference

A Long-term Commitment to Investing in Tanzania

The Songo Songo Gas to Electricity Project extends its value and impact far beyond revenues generated and shared among stakeholders. Its effects are far greater and extend through various dimensions, including employment generation, revenues and taxes, positive environmental impacts, training and development of the local workforce, and extensive social programs.

What sets us apart is a unique approach that emphasizes long-term investment, operational excellence, and maximizing positive impact for stakeholders and local communities. The Company remains committed to sustainable value creation and continuing the role in powering Tanzania's future with natural gas.

Additionally, there's a strong focus on sustainability, responsibility, and community development, contributing to the economic growth of the country and supporting Tanzania's shift towards a lower carbon economy. Through transparent communication and robust relationships with investors, customers, partners, and the Government, this project is truly making a difference in Tanzania's energy sector.

1. As Tanzania's first and largest long-term natural gas provider, we have successfully ensured a stable supply for nearly two decades, contributing to industrial and economic growth and supporting a just energy transition in Africa.

2. Our partnership is marked by continuous investment to meet escalating power demands. We stay agile to enable energy solutions that benefit the economy, society, and the environment, and we are committed to continuing this effort into the future.

3. We strive to earn our license to operate by creating rewarding jobs, upskilling local talent through the energy transition as an investment in the future, and helping communities thrive.

4. Our operations in the natural gas sector have been a catalyst for economic growth in Tanzania, boosting industrial development and creating job opportunities.

5. We are committed to minimizing our environmental footprint and promoting sustainable practices. Our focus on natural gas as a cleaner energy source aligns with global efforts to transition towards a lower carbon economy.

Graduate Internship Initiative

INVESTING IN THE FUTURE: OUR COMMITMENT TO STAFF DEVELOPMENT AND INDUSTRY EXPOSURE

The Graduate Internship Initiative at PanAfrican Energy is a program designed to provide valuable industry exposure and skill enhancement to recent graduates. Through this program, interns have the opportunity to explore their study fields, hone their talents, and gain practical experience in preparation for their future careers. The program has been successful in not only developing the traditional skills of interns but also fostering their mental resilience, teamwork skills, and ability to tackle real-life challenges.

Each year, the Company conducts a graduate intern program for up to ten students.

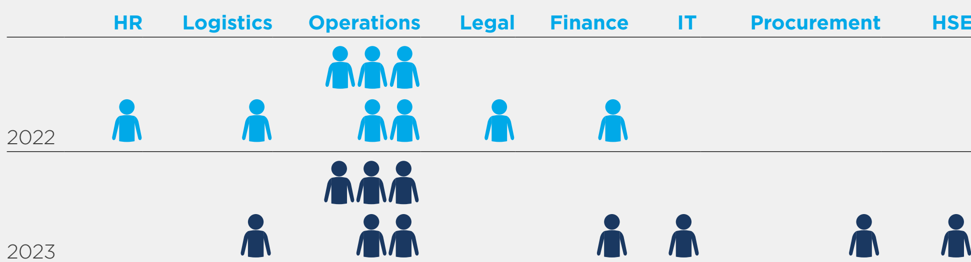
The 12-month program, starting in 2020, initially focused on engineering graduates, particularly petroleum engineers. However, it has recently been expanded to include graduates from other disciplines essential for the sustainability of oil and gas companies, such as HR and legal functions.

There has also been an increased emphasis on creating opportunities for female graduates interested in the industry, with the aim of achieving a more balanced gender ratio where possible.

The program's objective is to cultivate individuals who can compete for suitable roles in the industry and immediately contribute value upon employment.

We are pleased to announce that upon completion of the 2022 intern program, seven full-time positions were offered. One intern candidate declined the position in favor of pursuing an overseas education opportunity, while another candidate was offered a short-term contract until the end of 2023.

Continuing the trend in 2023, the Company brought on board an additional ten graduate interns. These interns were strategically distributed across various departments: one in the IT Department, one in the HSE Department, five in the Oil & Gas Engineering Department, one in the Finance Department, one in the Procurement Department, and one in the Logistics Department. This allocation allowed for a diverse range of experiences and learning opportunities for the interns across the Company's operations.



2022 Intake Retention 7/9 = 78%

HAJI OMARI NAODA: A SUCCESS STORY FROM THE SONGO SONGO ISLAND SCHOLARSHIP PROGRAM

In 2019, Haji Omari Naoda, a proud graduate of the Songo Songo Island Scholarship Program, funded by the Company, embarked on his professional journey with an internship at PanAfrican Energy's Finance Department. His diligence and discipline left a lasting impression on Finance Manager, Obeid Kitalima, who commended Haji's work ethic and saw a promising future for him.

In 2021, Haji's career took a significant step as he was appointed the Coordinator/Relations Officer for a Compression Project by China Petroleum Technology and Development Corporation ("CPTDC") Tanzania. Upon successful completion of the project, Haji sought new challenges to further his career.

We are thrilled to announce that in early 2023, Haji's journey came full circle when he rejoined PanAfrican Energy. He now holds the position of CNG Operator at the Ubungo Station, marking another milestone in his impressive career trajectory.

Graduate Internship Initiative cont

A Conversation with Elizabeth Senkoro

Q: Can you share your experience so far working as an IT intern at PanAfrican Energy?

A: My time at PanAfrican Energy has been a wonderful experience. The friendly colleagues, open communication, and supportive supervisors have created a conducive learning environment. The Company's resources, such as laptops and internet access, have facilitated my exploration and learning. Each task I undertake adds to my understanding, and my interactions with colleagues have really helped my teamwork skills.

Q: Can you give some examples of the sorts of things you are working on?

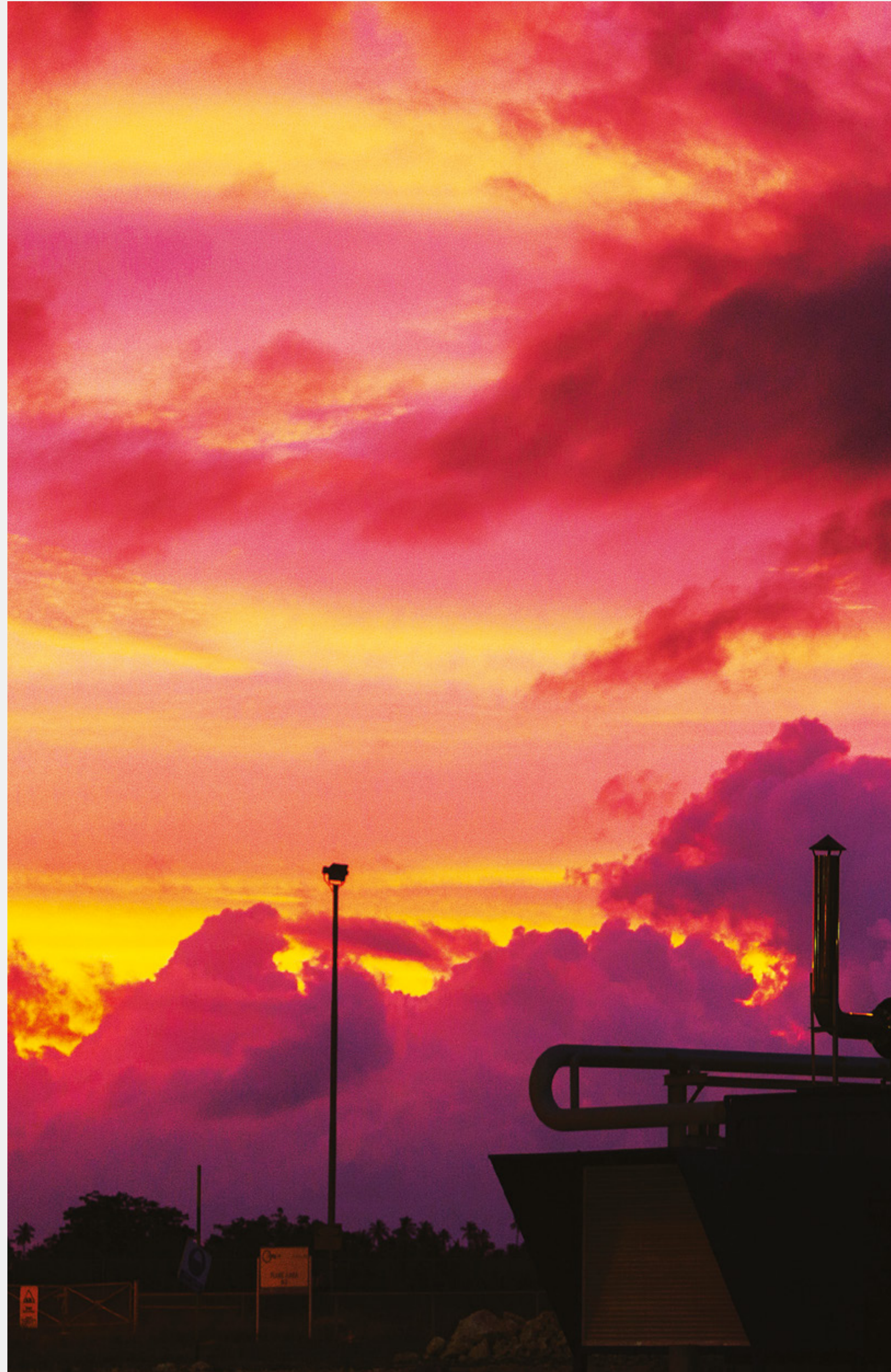
A: My work involves finding software solutions that meet the Company's needs. For example, I developed a GDPR register to track data processing activities and found a cost-effective Maintenance Management System for Songo Songo. I also configure IP phones, computers, and printers, and provide IT support to staff.

Q: How has this internship shaped your understanding of the IT field, particularly in the energy sector?

A: I've learned that reliable data, smooth information flow, and strong connections are vital in the energy sector. The focus should be on making data and information available to the right people for decision-making. It's also important to have reliable connections, like cloud services and good internet uptime.

Q: What skills or knowledge have you gained during your internship that you will carry forward in your career?

A: During my internship, I've gained experience working in a cloud environment, which has helped me understand how services are delivered. This additional benefit has allowed me to learn how software is created, deployed, maintained, and accessed through the cloud.



Q&A

Q: How has your experience at PanAfrican Energy differed from your expectations when you first started your internship?

A: Initially, I expected to acquire basic IT support skills. However, my learning journey has exceeded these expectations. It has prompted me to explore and address the technological challenges faced by the energy sector. I've also gained insights into the interconnectedness of various departments, providing a new and enriching experience as a recent university graduate.

Q: What opportunities have you had at PanAfrican Energy that you believe are unique to the Company?

A: One unique opportunity at the Company was learning to work in a cloud environment, an added benefit as more and more companies are migrating to the cloud.

Q: Can you share a memorable experience or interaction during your internship that has positively impacted your professional or personal growth?

A: A significant experience was working on the CMMS project. This involved identifying challenges, gathering requirements, researching alternatives, and engaging with vendors. This process allowed me to apply and enhance my skills, gain deeper knowledge, and broaden my network.

Q: What personal qualities or skills have you discovered or developed during your internship?

A: My confidence has grown significantly during my internship. I've learned to express, question, and defend my ideas based on the knowledge I've acquired. I've also improved my teamwork skills, learning to embrace feedback, corrections, and the opportunity to learn from others.

Q: What have you enjoyed most about your internship at PanAfrican Energy?

A: My interactions with software vendors have been a highlight of my internship. These experiences have given me a unique perspective on the client-side operations. Additionally, I've gained insights into how vendors reassure clients that their needs will be met after acquiring a product, which has provided me with a valuable understanding of the business side of software development.

Q: On a personal note, what are some hobbies or interests you pursue outside of your internship?

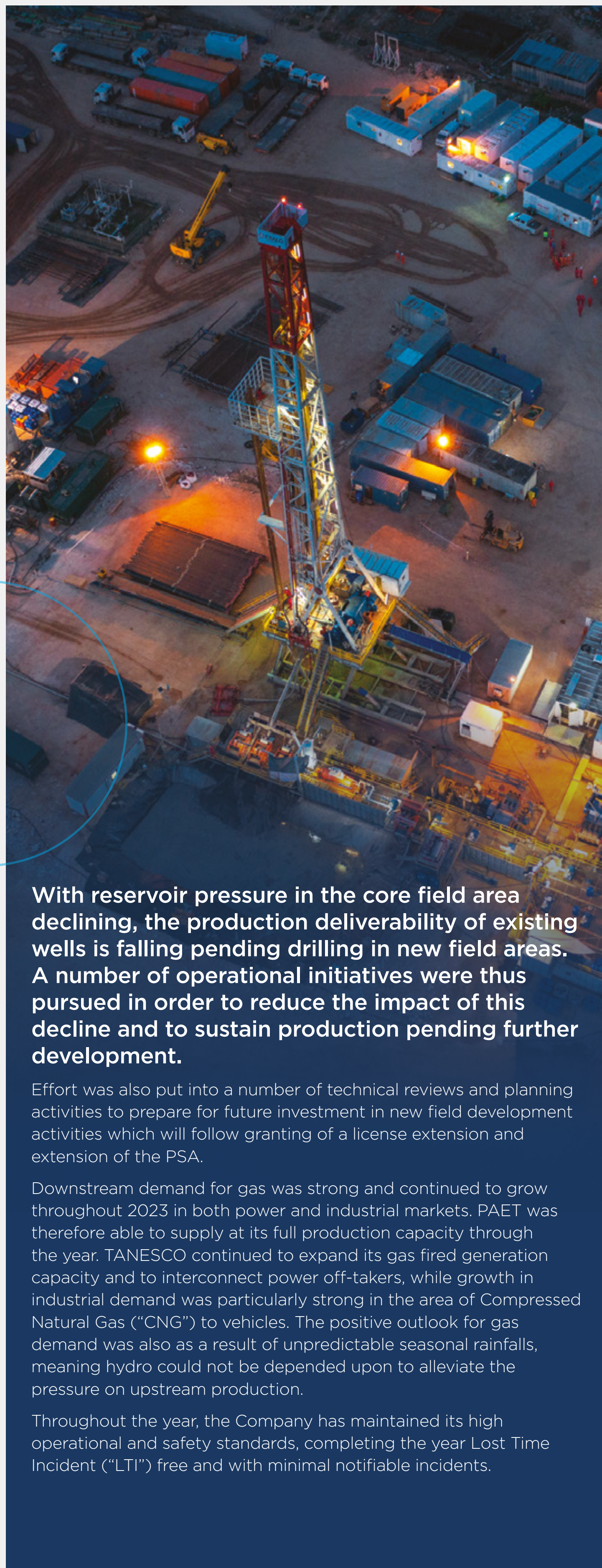
A: Programming is a passion of mine. Beyond my internship, I spend time building applications. I find great joy in exploring and learning about new technologies, as they often provide key solutions to various unexpected challenges.

Elizabeth Senkoro
Intern – IT Department

Company Operations

OPERATIONAL REVIEW

In 2023, the Company's operational focus was on continuing to improve production performance and efficiency, in an environment of growing gas demand, together with maintaining the exceptional track record of Health, Safety, Security, and Environment ("HSSE") performance for which the Company has become renowned in Tanzania.



With reservoir pressure in the core field area declining, the production deliverability of existing wells is falling pending drilling in new field areas. A number of operational initiatives were thus pursued in order to reduce the impact of this decline and to sustain production pending further development.

Effort was also put into a number of technical reviews and planning activities to prepare for future investment in new field development activities which will follow granting of a license extension and extension of the PSA.

Downstream demand for gas was strong and continued to grow throughout 2023 in both power and industrial markets. PAET was therefore able to supply at its full production capacity through the year. TANESCO continued to expand its gas fired generation capacity and to interconnect power off-takers, while growth in industrial demand was particularly strong in the area of Compressed Natural Gas ("CNG") to vehicles. The positive outlook for gas demand was also as a result of unpredictable seasonal rainfalls, meaning hydro could not be depended upon to alleviate the pressure on upstream production.

Throughout the year, the Company has maintained its high operational and safety standards, completing the year Lost Time Incident ("LTI") free and with minimal notifiable incidents.

Upstream

Upstream operations in 2023 were focused on projects to debottleneck and increase production from the existing well stock through the production facilities.

In 2022 the Company commenced installation of sand control equipment to protect against the risk of sand production which had been observed in some wells. However, further technical work in 2023 confirmed that sand production would only be a risk in wells with elevated levels of water production and that such risks have a low probability outcome unless the well is fully depleted or there is a mechanical failure. As a result the decision was taken to suspend purchase and installation of further sand control equipment and to bypass the unit already installed on SS-10. This has a secondary benefit of reducing the pressure drop in the surface facilities which improves the well deliverability.

Further debottlenecking studies also identified opportunities for a number of low cost projects to further reduce the pressure drop in the surface facilities early in 2024. These include the replacement of the existing wellhead choke systems with new units which have up to 4 bar lower pressure drop across each unit, thereby further extending the ability of wells to produce at current rates.

The Company carried out its usual program of annual pressure surveys in the wells during 2023. As the producing areas of the reservoir mature, it has been recognised that the pressure data needs to be augmented by further data gathering to assess the latest reservoir parameters, including current water saturation and any movement of the water contact over the production life of the field to date. As a result, a comprehensive program of production logging is planned for 2024 to gather this data.

Since 2019, the Company has supplied gas to the NNGI gas plant on Songo Songo Island, meaning gas from the field is processed today through two adjacent plants. These two production plants which the field currently supplies operate at different plant inlet pressures. The NNGI plant requires a higher supply pressure than the Songas plant and as a result, well potential can be restricted for wells which flow to this plant. Recognising this, the Company is proposing installation of a Common Inlet Manifold ("CIM") that will connect all the current and future wells to both facilities. This will introduce greater flexibility in pressure management of wells between the plants to ensure that all wells can be operated to maximize overall field production. Engineering work is ongoing for this project which, subject to the necessary approvals, is expected to be commissioned early in 2025.

Other work has also identified the potential to restore production from SS-7 which ceased to produce in 2019 due to excessive water production. A detailed technical review revealed that the most likely cause of the water production was failed cement and or a poor cement bond outside the production liner between the currently perforated interval and the water leg below the gas-water contact ("GWC"). The well was originally drilled in 1981 but this channeling of water from the original GWC into the production tubing became particularly evident following the workover in 2015 when new perforations were added. Work was thus undertaken in 2023 to develop a solution to intervene in the well and shut off the water production pathway. A barge mounted operation to execute this work is planned to be carried out in 2024 which, if successful, will have a positive impact on field deliverability. Modeling suggests the well will return with an initial production rate of around 23 MMcfd.

In the longer term, further field development activities include 3D seismic, and further drilling of new wells in undrained areas of the field together with additional compression to maintain plateau in later field life. Such projects require significant investment and much planning to ensure they are sequenced in the optimum and most capital efficient manner. Initial work is ongoing to develop plans for these activities but as long-term investments these projects require a time horizon beyond the current license period in order to be economically viable. Options for them will thus be included in the documentation which supports the extension application for the Songo Songo Development Licence and PSA.

The 3D seismic project, which commenced in 2022 and was ongoing at the beginning of 2023, was designed to acquire a high specification dataset of c.180km^2 across the full licence area, covering land, transition zone and marine portions of the field. Acquisition was originally expected to complete early in 2023 with processing and interpretation delivering outcomes by the end of 2023. However, due to contractor mobilization delays the schedule slipped to the point where it became apparent that the project could not achieve results in the timeframe necessary to add value to operations in the current license period. Regrettably, as we entered the fourth quarter of 2023, mobilization was still incomplete and only 1% of the acquisition had been undertaken. It was thus apparent that the contractor would not be able to complete the project on the basis of the plan it had originally submitted. As the contractor could not offer a viable, alternative plan to recover this situation, in accordance with contractual obligations the Company was left with no alternative other than to terminate the contract.

Company Operations cont

Downstream and Marketing

The increase in demand from the domestic gas market observed in 2022, when compression was commissioned at the upstream facilities, continued through 2023. In the power market, lack of rainfall has ensured that gas demand remains high and, as the industrial market continues to grow, the available supply from existing fields is being fully utilized.

In the power sector, the inconsistent availability of hydropower capacity, due to low rainfall, and full utilization of the available gas supply present a challenge for TANESCO in meeting the rapidly increasing power demand across the country. As a result, the periods of loadshedding were increasing ahead of the recent startup of the Julius Nyerere Hydro Power Project ("JNHPP").

With the new hydro dam now in the early stages of operation, it is unlikely that the initial capacity will fully satisfy demand. As a result, gas demand is expected to continue growing and associated new sales opportunities will remain.

A growing number of industries are seeking gas for captive power generation to stabilize their operations, while industrial expansion and demand for gas for heating continue to grow at pace. With a well established reputation for consistent and reliable supply of gas, PAET currently receives regular approaches from potential buyers and, subject to gas availability, is negotiating with several industries to supply gas to meet their varying requirements. We expect a number of these negotiations to yield new contracts in 2024.

2023 also saw a notable increase in the demand for natural gas to supply CNG to vehicles across Dar es Salaam. This was driven by the rising cost of traditional fuels, and the Company's retail price for CNG which has not changed in over a decade. Supply via the Company's own and first CNG station in the country increased dramatically, with demand outstripping the station's handling capacity. Similarly, the supply of CNG via tanker to ANRIC – Tanzania's second CNG station – increased. By the end of the year, supply also began to the third and newest CNG station, owned and operated by TAQA Dalbit. By Q4 2023, CNG sales had almost trebled year on year, and today each of Tanzania's three stations that supply CNG to domestic vehicles is sustained by gas produced only from the Songo Songo field by PAET.

During the year, PAET reached agreement with the GoT and TANESCO to extend the Portfolio Gas Supply Agreement with TANESCO for Additional Gas for one year to July 31, 2024. The MDQ for the extension period has been set at 26 MMcfd. During 2023, TANESCO has completed lifting the Make-up Gas it had accrued through several years of under-consumption and accumulation of Take or Pay invoices such that all volumes are now being lifted under current pricing terms. The contract ends on July 31, 2024 and PAET is now discussing a further contract extension to the end of the current license period on October 11, 2026.

A **growing number** of industries are seeking gas for **captive power generation** to stabilize their operations, while **industrial expansion** and **demand for gas** for heating continue to grow at pace.

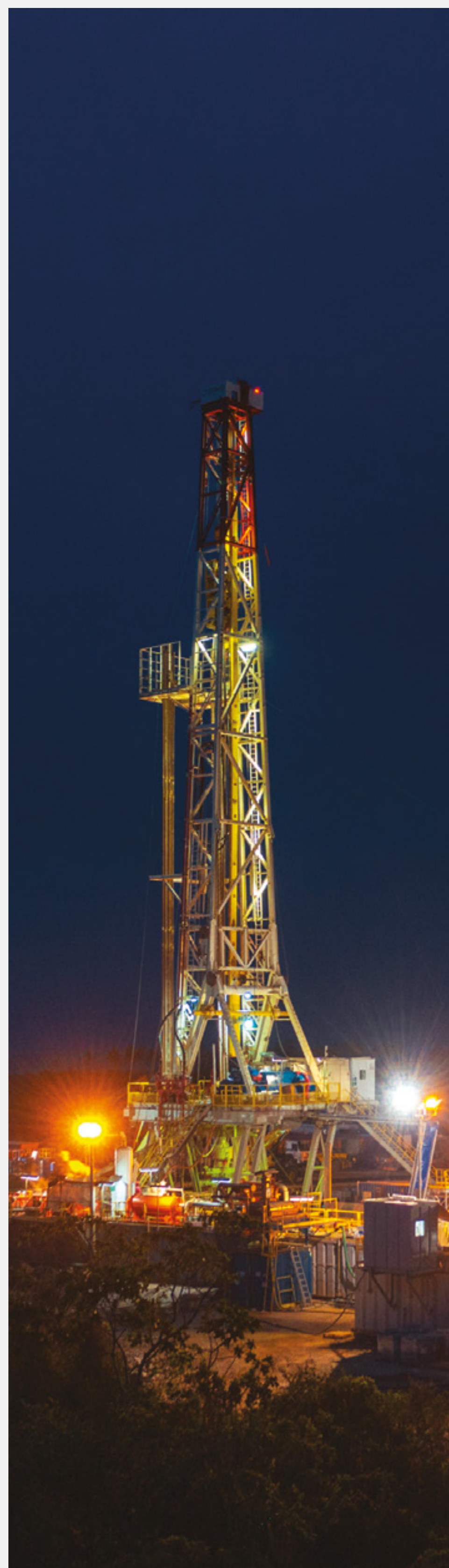
Protected Gas, which PAET is obliged to supply at rates of up to 45.1 MMcfd to Songas, will also end on July 31, 2024. PAET expects that demand for these gas volumes will continue and is actively seeking to agree contractual terms with Songas and TPCPLC (Wazo Hill) for them to continue lifting gas from August 1, 2024.

In the eventuality that these buyers do not elect to continue purchasing gas after July 31, 2024, PAET is actively marketing volumes to a range of new buyers who wish to purchase gas but for whom to date supply has not been available.

Alongside the increase in demand in Dar es Salaam, and having signed two new customers by the end of the year, the Company also saw significant interest for CNG to be supplied to off-network industries as far afield as Kibaha, Mkuranga and Morogoro. The infrastructure requirements to supply these remote customers require an extension of the Development License and PSA, but the demand demonstrates that future gas markets are strong.

As a result, 2023 finished with the Company in a good position operationally, with projects to sustain production to meet contracted demand in final stages of development for execution in 2024. With new demand consistently emerging, the Company has a portfolio of new sales opportunities which can offset any failure of existing customers to renew contracts scheduled to end in 2024.

Gas Reserves



2023 Independent Evaluation

The Company's natural gas reserves as at December 31, 2023 for the period to the end of its license in October 2026 were evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel") in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). The 2023 independent reserves evaluation prepared by McDaniel (the "McDaniel Report") is dated February 2024 with the effective date of December 31, 2023. Given the uncertainty associated with the extension of the Songo Songo license, it has been necessary to remove approximately US$55 million of future development capital from the 2023 year end total proved ("1P") reserve evaluation, as the associated projects are no longer economic in time remaining on the development license. On this basis, the respective reserves associated with the removal of development capital have been reclassified as contingent resources pending receipt of a license extension beyond October 2026. On a gross Company basis there has been a 40% decrease in 1P reserves, and a 44% decrease in the total proved plus probable ("2P") reserves compared to 2022. Total gas production in 2023 was 31.3 Bcf. The reduction in gross Company 1P reserves from year end 2022 to year end 2023 was primarily attributed to 2023 production, declining reservoir pressures, removal of development capital and the number of years remaining on the current term of the Songo Songo license. The reduction in 1P and 2P reserves was partially offset by the 2023 acquisition of a 7.933% working interest from Swala resulting in an Orca working interest of 100% and all reserves included herein are stated on a Company gross basis of 100%. There has been a 30% decrease in the 2P net present value at a 10% discount basis from $170.7 million to $118.7 million compared to 2022. The decrease is predominantly a consequence of production in 2023 and lower 2P reserves to the end of the license. The net present value impact of reserves reclassified to contingent resources was minimal due to the reduction in associated future development capital. All the Company's reserves are conventional natural gas reserves and are located in Tanzania. Additional reserves information required under NI 51-101 are included in Orca's reports relating to reserves data and other oil and gas information under NI 51-101, which have been filed on its profile on SEDAR+ at www.sedarplus.ca and can also be found on our website www.orcaenergygroup.com. The Reserves Committee of the Board of Directors has reviewed the qualifications and appointment of the independent reserves evaluator and the procedures for providing information to the evaluators.

Company Conventional Natural Gas Reserves (Bcf)	2023		2022	
	Gross[1]	Net[2]	Gross	Net
Independent reserves evaluation				
Proved producing	**69.1**	**42.2**	123.8	74.7
Proved developed non-producing	**–**	**–**	–	–
Proved undeveloped	**15.9**	**10.5**	16.8	15.3
Total proved (1P)	**85.0**	**52.7**	140.6	90.0
Probable	**8.9**	**5.1**	26.8	16.9
Total proved and probable (2P)	**93.9**	**57.8**	167.4	106.9

1 Gross equals the gross reserves that are available for the Company based on its effective ownership interest.

2 Net equals the economic allocation of the gross reserves to the Company as determined in accordance with the PSA.

Company share of Net Present Value ($'millions)	2023			2022		
	5%	10%	15%	5%	10%	15%
Proved producing	**102.4**	**95.6**	**89.8**	162.6	149.6	138.4
Proved developed non-producing	**–**	**–**	**–**	–	–	–
Proved undeveloped	**13.8**	**12.8**	**11.8**	(0.4)	(2.4)	(3.8)
Total proved (1P)	**116.2**	**108.4**	**101.6**	162.2	147.2	134.6
Probable	**10.9**	**10.3**	**9.6**	26.3	23.5	21.0
Total proved and probable (2P)	**127.1**	**118.7**	**111.2**	188.5	170.7	155.6

Background to the 2023 Year End Reserves Evaluation

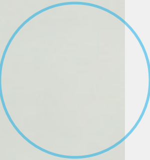
The Company continued the comprehensive review of the Songo Songo subsurface field mapping, reservoir simulation modeling and well performance in 2023 to better understand the remaining potential of the Songo Songo natural gas field to the end of the license and assess the remaining resource potential beyond October 2026. The 2023 studies included a slick line campaign to retrieve downhole pressure data and a comprehensive history match review. In 2022 a multi-tank concept was developed. The 2023 history matching has confirmed this concept, that there is low connectivity between the identified compartments and the reservoir is under moderate aquifer rather than volumetric depletion. This has not reduced the Gas Initially In Place ("GIIP") within the development area but does result in a lower GIIP drained by current wellstock. In 2024 cased hole logging is planned to confirm the new model, update history match and identify production, adding opportunities for future workovers, drilling or through tubing activities.

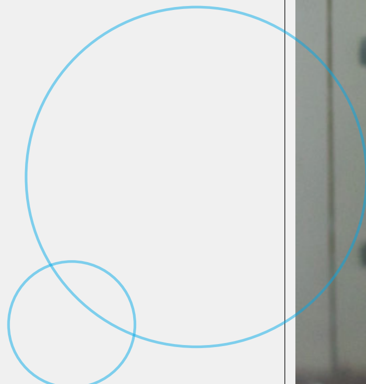
Forecast Gas Prices and Sales Volumes[1]

	1P Weighted Average Gas Price $/mcf	1P Gross Gas Volumes MMcfd	2P Weighted Average Gas Price $/mcf	2P Gross Gas Volumes MMcfd
2024	4.33	73.20	4.20	82.78
2025	4.26	90.30	4.17	99.09
2026[2]	4.27	89.10	4.20	96.79

1 The weighted average gas price reflects the wellhead price received for power generation and the delivered price for industrial customers after the processing and transportation tariffs.

2 2026 is a partial year expiring on October 11, 2026





Sustainability & Responsibility

Our Approach to Sustainability

Our Sustainability Strategy remains a long-term endeavor. We look to make progress wherever possible, reporting on our successes and acknowledging any shortcomings, all whilst remaining realistic about what can be achieved. We also continue to monitor and better understand the needs and impact of our business on our stakeholders and the environment, with our approach being reviewed on an ongoing basis. Our strategy remains focused and pragmatic.

Holistic Progress: Our sustainability journey is deliberate and steady. We celebrate wins and address areas for improvement transparently. Realism guides our ambitions, ensuring achievable goals.

Stakeholder-centric: Beyond financials, our stakeholders, employees, communities, and the environment shape our purpose. Listening and adapting, fostering strong relationships.

Local Talent Empowerment: Our Tanzanian workforce, 99% in-country, fuels our progress. We invest in their growth, fostering diversity and expertise.

Energy Transition Catalyst: We consider it our responsibility to limit our impact on both terrestrial and marine environments. By reducing emissions intensity and supporting Tanzania's shift away from carbon-intensive energy sources like coal, charcoal, and Heavy Fuel Oil ("HFO"), we actively contribute to a greener economy. Our transparent engagement with local regulators and stakeholders ensures clarity regarding our role in global climate change and local environmental concerns.

Board and Management Leadership. Our Board and management have a critical role to play in driving our Sustainability Strategy and the solutions to meet the expectations of our stakeholders.

Our Commitment to UN Sustainable Development Goals

Our Sustainability Strategy draws inspiration from the 17 UN Sustainable Development Goals ("SDGs"). With 99% of our in-country workforce being Tanzanian and 90% of all Group employees being Tanzanian nationals, we bear a responsibility to contribute to Tanzania's development and the achievement of these global goals. We are acutely aware of how our business activities impact SDG attainment.

While we endorse all UN SDGs, we recognize that not all goals directly align with our business context. Therefore, we've meticulously assessed and prioritized the most relevant goals and underlying targets. Our commitment extends beyond philanthropy, it's integrated in our core business, Sustainability Strategy, and material issues.

Tanzania: Achievement will require some step-up efforts. Population with access to electricity is increasing, but reliability remains a key development point.

Targets that our business activities aim to contribute to:

7.1 Universal access to modern energy

7.3 Double the improvement in energy efficiency

7.A Promoting access to research technology and investments in clean energy

7.B Expand and upgrade energy services for developing countries

Tanzania: Reasonably good performance on this goal, with high GDP growth at 4.6% and average labor force participation at 83%.

Targets that our business activities aim to contribute to:

8.4 Improve resource efficiency in consumption and production

8.5 Full employment and decent work with equal pay

8.6 Promote youth employment, education and training

8.7 End modern slavery, trafficking and child labor

8.8 Protect labor rights and promote safe working environments

Tanzania: Achievement will require significant local efforts and international support.

Targets that our business activities aim to contribute to:

13.1 Strengthen resilience and adaptive capacity to climate-related disasters

13.2 Integrate climate change measures into policies and planning

13.3 Build knowledge and capacity to meet climate change

Stakeholders

Our commitment to transparency and open communication underpins our approach to stakeholder engagement. We believe in fostering a strong relationship with all our stakeholders – from our employees, customers, and investors, to our partners, suppliers, and the communities in which we operate.

Investors

We place great emphasis on transparency and engagement with our investors. We understand the importance of keeping our investors informed and involved in our strategic direction and operational plans. This is achieved through regular reporting, press releases, and discussions.

We value the support of our shareholders and make it a priority to listen to them carefully and address their concerns whenever they arise. Our long-term objective is to maximize the social and economic potential of our asset in Tanzania in a sustainable manner.

Employees

Our employees are our core asset. We strive to inspire, safeguard, and cultivate our workforce, recognizing that their growth and satisfaction are integral to our success. Our commitment to our employees is demonstrated through several key priorities:

- Employee Engagement: We believe in fostering a work environment that encourages active participation, open communication, and a strong sense of community.
- Safe Work Environments: The safety of our employees is paramount. We are committed to maintaining a workplace that adheres to the highest safety standards.
- Training and Development: We invest in our employees' professional growth through continuous learning opportunities and career development programs.
- Tanzania First: As a Company operating in Tanzania, we prioritize the hiring and development of local talent, contributing to the economic growth of the country.
- Employee Health and Wellbeing: We care about our employees' physical and mental health, and we offer programs and resources to support their overall wellbeing.
- Inclusive Work Culture: We celebrate diversity and strive to create an inclusive culture where everyone feels valued and respected.

We engage with our employees by maintaining transparency about our business strategies, involving them in business decisions, and fostering an open dialogue for continuous improvement. We also acknowledge the significant role our contractors play and ensure they align with our Company's values, particularly regarding health and safety practices.

In our pursuit of excellence, we are continually refining our practices to better serve our employees and create a workplace that is not only productive but also enriching. We are proud of the culture we have built at Orca Energy Group and look forward to nurturing it further in the years to come.

Sustainability & Responsibility cont.

Customers

Transparency is a core value that we uphold in all our customer interactions. We believe in maintaining an open line of communication with our customers, fostering a relationship built on trust and mutual understanding. This approach allows us to understand our customers' needs better and tailor our services to meet those needs effectively.

We work hard to ensure we provide a stable supply of natural gas at fair and competitive prices. Our commitment to these principles is not only crucial for our business operations but also contributes to the broader energy market stability.

Local Community

We strive to create shared value that positively impacts the well-being of the communities we serve.

Our operations are designed to offer a range of benefits to communities, creating employment opportunities and contributing to local economic growth.

Beyond these direct benefits, our operations also have wider implications for education and health. We believe that by improving access to energy, we can enhance educational opportunities and health outcomes in the communities we serve. This holistic approach to community engagement is a key part of our commitment to creating shared value.

Government & Regulators

We ensure that we proactively engage with Tanzanian local regulators. We consider these interactions to be of great importance in fostering strong relationships with government entities and regulatory bodies.

These relationships are crucial in ensuring that our operations align with, and even expedite, the local development plans. By working closely with the Government and regulators, we can better understand their vision for development and tailor our activities to support these goals. Maintaining open lines of communication ensures we can stay ahead of any changes in regulations and adapt our operations accordingly.

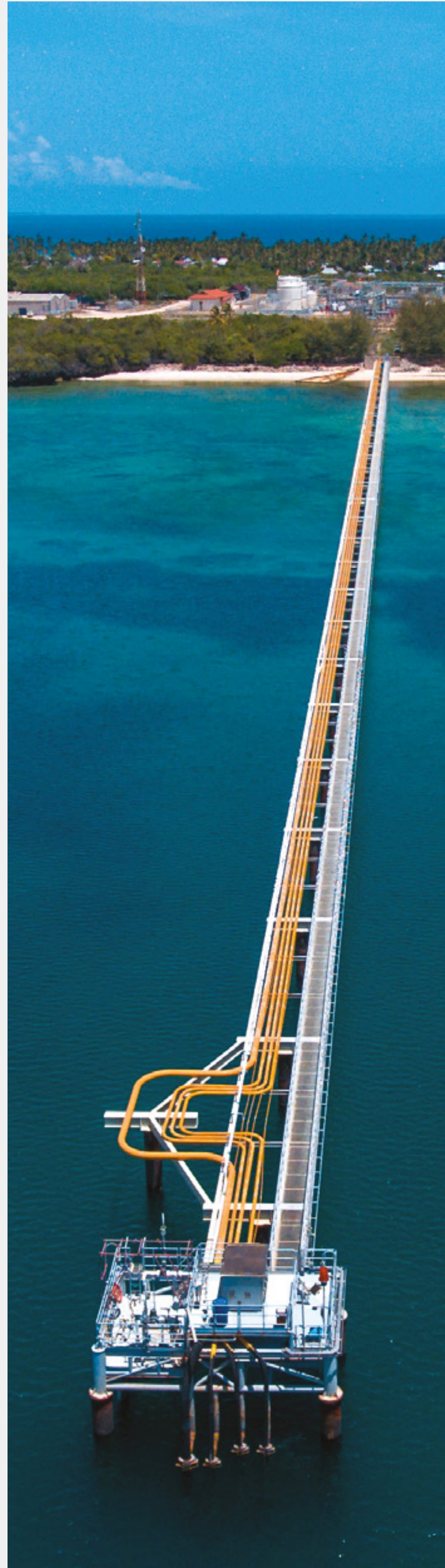
This both contributes to the smooth running of our operations and also helps us play a more active role in the local development of Tanzania. We are committed to continuing these engagements and further strengthening our relationships with the Government and regulatory bodies.

Partners

We are not the only entity involved in the operation or ownership of the natural gas infrastructure on Songo Songo Island. We therefore recognize the significance of fostering relationships with our local partners.

Our collaborations extend to partners such as Songas and TPDC, and cover a wide range of issues, including those related to sustainability. These collaborations are crucial in addressing various challenges and opportunities that arise in our operations.

We are committed to nurturing these relationships with our partners. Our goal is to ensure the continued production of a high-quality, stable natural gas supply. We believe that strong partnerships are key to achieving this goal and contributing to the ongoing success of our operations.



The Environment

As a natural gas operator, we inherently emit greenhouse gas (“GHG”). We understand that as our business changes and the demand for our natural gas product rises, our emissions are likely to increase correspondingly.

However, we firmly believe in our responsibility to mitigate our environmental impact, both on land and in the marine ecosystem. We are committed to reducing the emissions intensity of our operations and making a significant contribution to Tanzania’s shift away from more carbon-intensive energy sources such as coal, charcoal, and Heavy Fuel Oil (“HFO”) towards a lower carbon economy.

We maintain transparent engagement with local regulators and stakeholders, ensuring that we are fully open about our contribution to global climate change and local environmental issues. This transparency is a key part of our commitment to environmental responsibility and sustainable operations.

Sustainability & Responsibility cont.

ENHANCING COMMUNITY WELLBEING

In 2023, significant progress was made in community development. A health center was completed and handed over in the Chumo ward of Kilwa District, Lindi, as part of an ongoing commitment to local communities. This project, which began last year, represents an investment of $380,000 and aimed to provide essential, high-quality healthcare services to community members. The project was fully funded, with the majority of building materials and labor sourced from the region.

$380,000

invested in the Chumo Health Centre

"I am delighted to announce the handing over of the Chumo Health Centre to the Kilwa District Commissioner. We are proud of the role we play in Tanzania and the financing and construction of this medical facility is proof of our commitment to making a positive contribution to the communities in the area. We hope that this facility will benefit the local residents for generations to come. As a business, we remain focused on supporting Tanzania's economic and industrial growth by delivering a reliable supply of natural gas for the benefit of Tanzania and our wider stakeholders."

Bizimana Ntuyabaliwe
Deputy Managing Director
PanAfrican Energy Tanzania

Chumo Health Centre

In 2023, we achieved significant community development in Kilwa District, Lindi. A fully funded health center was completed in the Chumo ward, benefitting approximately 14,000 residents across five villages.

The project was fully funded, with the majority of building materials and labor sourced from the region. The facility includes essential departments including an outpatient's department, maternity ward, surgical theatre, laboratory, and mortuary.

Beyond easing the burden on urban healthcare, it will promote preventive care and public health education. Our commitment extends to education and other health centers, reinforcing Kilwa District's holistic growth.

At the inauguration event, Kilwa District Commissioner, Christopher Ngubiagai, expressed his gratitude for the support and assistance in improving community health. He also emphasized the importance of partnerships and the role the private sector can play in delivering high-quality social services to communities in need.

Songo Songo Island Health Centre

In 2023, our commitment to the island community led us to construct a state-of-the-art health center. This facility, completed in December 2023, caters to an estimated population of 7,000 individuals. We proactively invested in essential infrastructure, including an outpatient department, maternity ward, surgical theater, laboratory, mortuary, laundry facilities, and walkways.

Before our intervention, the island relied solely on a basic dispensary for primary care. Islanders faced a long 27km journey to Kinyonga District Hospital on the mainland for specialized services. Our investment of $445,000 addressed this challenge, ensuring accessible healthcare for generations to come.

$445,000

invested in the Songo Songo Island Health Centre

Sustainability & Responsibility cont.

People

The Company's operations fundamentally hinge on ensuring the health and safety of its employees, while also necessitating the attraction, retention, and development of skilled and talented personnel due to the technical nature of the business.

Focused primarily on Tanzania, the Company is presented with a unique opportunity to contribute to the country's economic development through the training and upskilling of its employees. The Company strives to offer all its employees long-term and rewarding careers. A testament to this is the fact that the majority of the Tanzanian management team has been trained and promoted from within the Company. It is through their professionalism, skill, and diligence that the Company continually elevates its standards and quality.

The Company remains committed to its "Tanzania first" ethos. Of the 17 in-country managerial positions within the Company, 16 are occupied by Tanzanians, Tanzanians also make up 90% of all Group employees, a proportion that increases to more than 99% for the workforce within the country. The Company is proud to have maintained these figures for over three years.

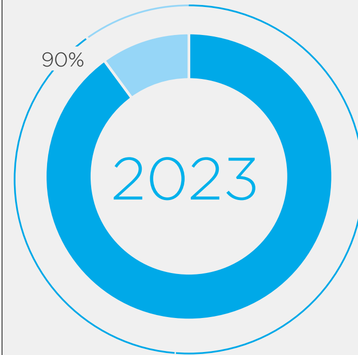
In 2023, the Company's strong investment in its people was reflected in its less than 1% staff turnover rate, a clear endorsement of the conducive working environment it strives to create. This achievement underscores the Company's commitment to its employees and its dedication to fostering a supportive and engaging workplace.

The Company acknowledges its responsibility to provide a secure working environment for its employees. To ensure physical wellbeing, the Company has instituted health and safety guidelines, which are outlined in the Employee Handbook.

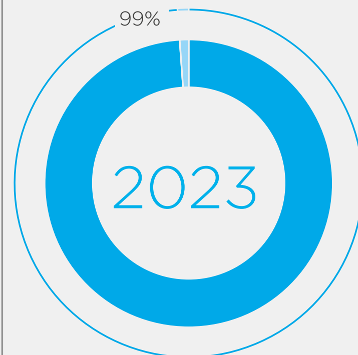
These guidelines apply to all personnel, including permanent employees, temporary workers, contractors, consultants, and any other individuals visiting work areas on the island or in Dar es Salaam. The Company has implemented a range of training programs to educate its employees on key subjects such as Emergency Preparedness and Response, as well as Health and Safety.

In 2023, due to heightened activity on Songo Songo Island, particularly among our contracting partners, the Company found it necessary to continue the delivery of the robust health and safety approach to its stakeholders. This is demonstrated by our enhanced health, safety and environmental safety training. This training was not limited to employees or contractors working on-site but was also extended to any individuals, including government officials, who wished to visit. Access to our work sites is contingent upon successful completion of this training. We also extended our industrial first aid training to more employees in 2023. This ensures a shared understanding that, in conjunction with other control mechanisms, enables the Company to operate in the safest manner possible.

COMPANYWIDE TANZANIAN WORKFORCE %



TOTAL WORKFORCE IN TANZANIA



HEALTH, SAFETY AND ENVIRONMENTAL INDUCTION TRAINING IN 2022

Hours

87

Participants

301

HEALTH SAFETY AND ENVIRONMENTAL INDUCTION TRAINING IN 2023

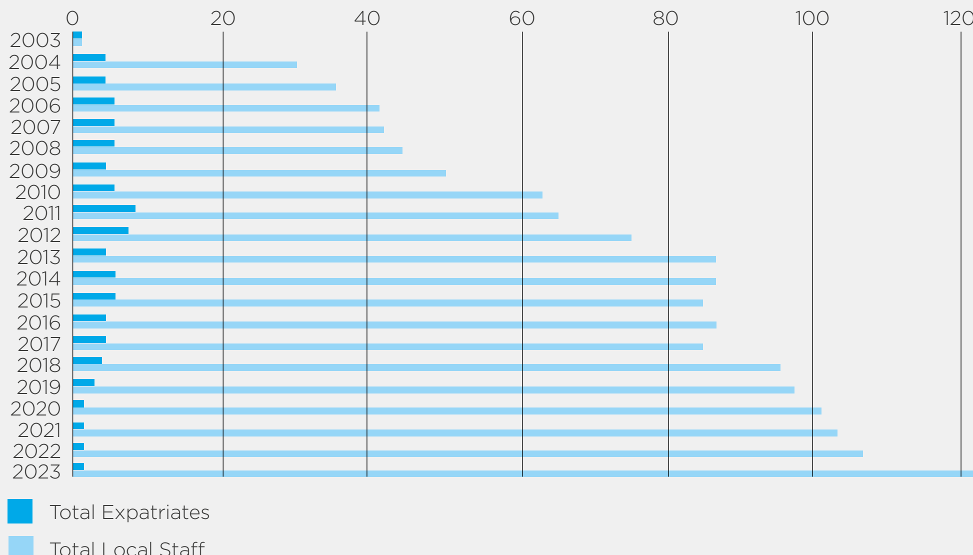
Hours

184

Participants

235

DEVELOPING LOCAL TANZANIAN TALENT



JEREMIAH LUHANGA

My journey as an Operations Project Engineer at PanAfrican Energy commenced four years ago when I joined the Company as a Field Operator at the Songo Songo gas field. From the outset, I was able to apply the knowledge I had gained during my four-year Bachelor's degree in Petroleum Engineering. The support I received from my colleagues and supervisors enabled me to quickly acclimate to the field activities. Within a few months, I was entrusted with mini projects under site management, which boosted my confidence and demonstrated the trust that senior management had in my technical abilities. Two years into my tenure, I was promoted to the position of Project Engineer, a role I continue to hold.

The transition from Field Operator to Project Engineer was facilitated by the welcoming environment, the confidence and trust placed in me, and the mentorship provided by my line manager and senior engineers. I was promptly assigned my first project (Flowline Intelligent Pigging), and with the guidance of my colleagues and line manager, I successfully delivered the project and all required repairs within the stipulated time frame, with zero Lost Time Injuries ("LTI"). Over the course of approximately two years, I have undertaken several more projects, such as wellhead platform modifications, LLP FEED, flowline replacement and repairs, wellhead equalization loop, and others, with full confidence from senior management. Being entrusted with such significant projects has indeed honed my project management skills and furthered my growth and understanding, which have also proved beneficial in other operational areas by assisting the site team when necessary.

PanAfrican Energy is committed to providing robust training opportunities for its employees to foster their growth and enhance their performance. Following my promotion, PanAfrican Energy ensured that I received training in Project Management from highly skilled industry professionals with decades of experience at reputable training institutions worldwide. These training programs have further refined my skills, decision-making abilities, and have fostered a creative and innovative approach to project delivery.

Regular performance reviews with my line manager have played a pivotal role in identifying areas for improvement and how to better leverage my strengths. Detailed discussions with constructive feedback have been instrumental in facilitating my transition into the Project Engineering role and in clarifying my career goals.

In conclusion, the supportive and positive workplace environment, comprehensive training programs, and diverse development opportunities have played a crucial role in my development as a Project Engineer at PanAfrican Energy. I am genuinely excited about future endeavors and look forward to achieving greater success at PanAfrican Energy.

Jeremiah Luhanga
Project Engineer
PanAfrican Energy

INDUSTRIAL FIRST AID TRAINING IN 2022

Hours

1,152

Participants

22

INDUSTRIAL FIRST AID TRAINING IN 2023

Hours

1,488

Participants

62

	2023	
	Direct employees	**Contractor employees**
Total number of lost time occupational injuries	0	0
Total number of lost workdays due to injuries	0	0
Number of fatalities	0	0

Sustainability & Responsibility cont.

Community Focus

Education Infrastructure Advancements in Kilwa District

In 2023, an education infrastructure initiative was launched by the Company in the Kilwa District. This strategic shift, influenced by the Tanzanian Government's free tuition policy and the Government's flagship Fee-Free Basic Education Program ("FBEP"), aimed at providing equal educational opportunities for all. As student enrolment surges, so does the need for improved school facilities.

The urgency for better infrastructure, spacious classrooms, well-equipped libraries, and comfortable teacher residences became evident. Responding to this need, the Lindi Regional Commissioner put forward his desire for the construction of ten classrooms and 13 teacher residences in remote Kilwa District areas, which the Company acted upon.

The project is being executed in two phases; phase one began in 2023 with the development of six teacher units and two classroom blocks, with completion scheduled by the end of February 2024. Phase two will continue throughout 2024.

OUR FOUR FOCUS AREAS

$305,000

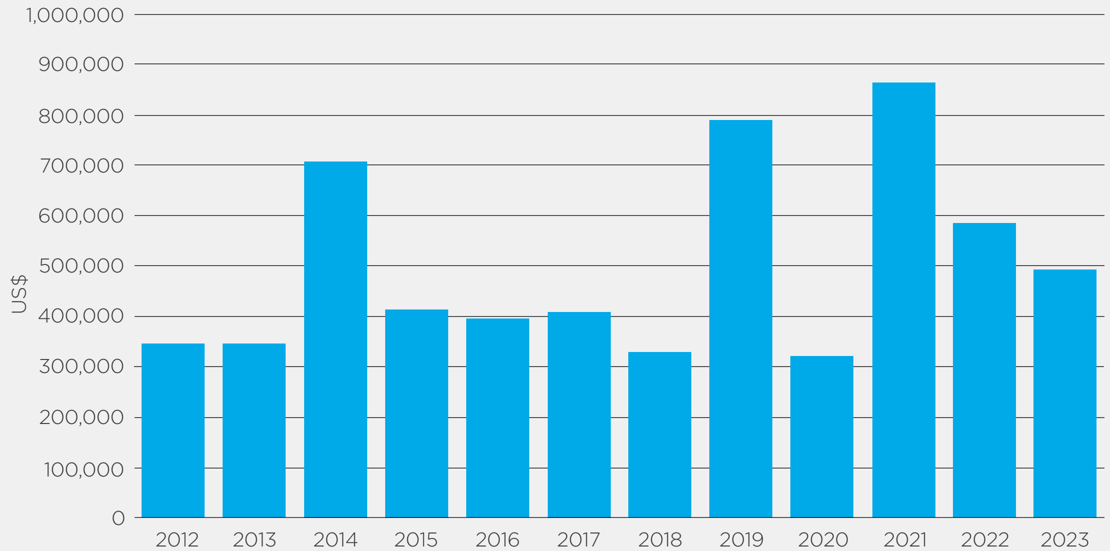
Project contribution in 2023

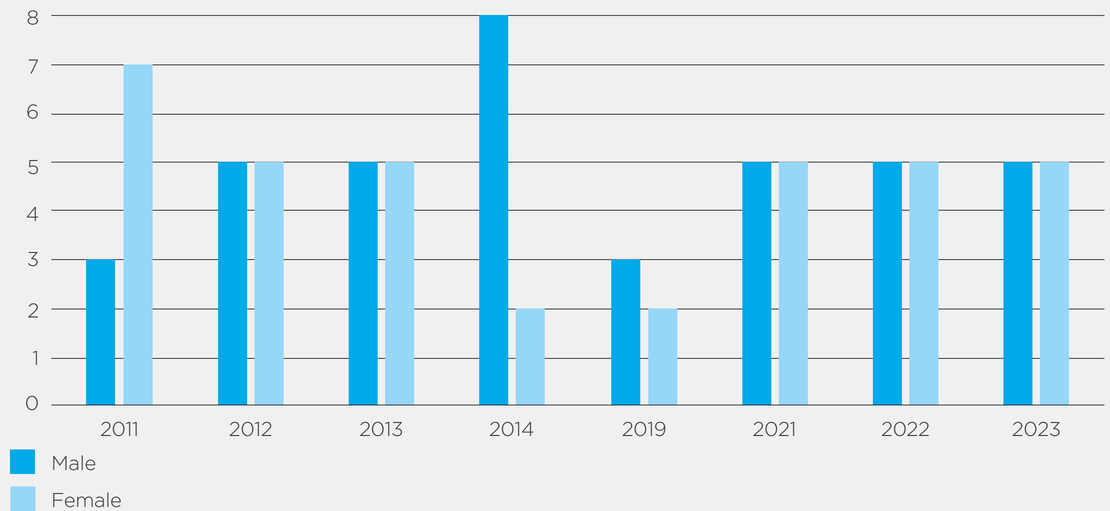
Empowering Education on Songo Songo Island

Our commitment to support high-achieving students on Songo Songo Island continued in 2023. Through our scholarship initiative, we provide comprehensive financial support, covering tuition fees, academic materials, meals, hostel accommodation, transportation, and other essential school needs. Since its inception, over 75 students have directly benefitted from this program.

We made a investment of $80,000 in 2023 to support 34 actively enrolled students in our scholarship program. These scholars received training at esteemed educational institutions across strategic locations, including Dar es Salaam, Morogoro, Mtwara, Kilwa, and Songea.

To qualify for our sponsorships, students met specific criteria collaboratively established by the Company and Songo Songo Island's leadership. A diligent selection process, overseen by a committee of academics and community leaders, identified the top ten deserving recipients of these scholarships.





Board of Directors

1 David W. Ross

Chairman

Non-Executive Director and Chair of Remuneration/Compensation Committee

Appointed 2004

Experience

David Ross has extensive experience in international tax law and is a partner in the Calgary-based law firm of Burnet, Duckworth & Palmer. He has served as Secretary to the Board since the Company was formed in 2004.

2 Jay Lyons

Executive Director

Chief Executive Officer and Chair of Reserves Committee

Appointed 2019

Experience

Jay Lyons joined the Company in May 2019 as a Non-Executive Director and took on the role of Interim Chief Executive Officer in 2020 and Chief Executive Officer in June 2021. Jay is a private investor with considerable experience in the oil and gas industries in both Canada and the United States. He has worked in a range of roles for both private and public companies in the upstream and downstream sectors. Jay has a strong familiarity and understanding of the Songo Songo project and the Tanzanian operating environment.

3 Lisa Mitchell

Executive Director

Chief Financial Officer

Appointed 2022

Experience

Lisa Mitchell joined the Company as Chief Financial Officer in November 2021. Lisa was the CFO and Executive Director of San Leon Energy plc (AIM: LSE), a Nigeria focused oil and gas company listed in London, and previously the CFO and Executive Director of Lekoil Limited (AIM: LEK), an Africa focused oil and gas company with interests in Nigeria. Lisa has also held senior roles at Ophir Energy plc (LSE: OPHR), a former FTSE 250 energy company, CSL Limited (ASX top 50) and Mobil Oil Australia. Lisa is a FCPA (Australia) and holds a Bachelor of Economics from La Trobe University, Melbourne and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

4 Dr Frannie Léautier

Non-Executive Director

Chair of ESG Committee

Appointed 2019

Experience

Dr Léautier is a globally respected development expert and has extensive African and global experience in the public and private sectors. Dr Léautier is a Senior Partner at SouthBridge Group, the Founder and Managing Partner of the Fezembat Group and was previously Senior Vice President of the African Development Bank, where she led efforts to improve the bank's overall operational effectiveness. Other roles include: Chief Operating Officer for the Trade and Development Bank based in Nairobi, Infrastructure Director, World Bank, Vice President and Head of the World Bank Institute.

Dr Léautier holds a PhD in Infrastructure Systems and a Master's in Transportation from the Massachusetts Institute of Technology.

5 Linda Beal

Non-Executive Director

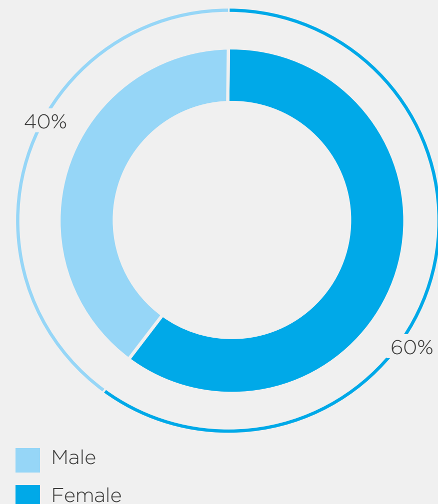
Chair of Audit and Risk Committee

Appointed 2019

Experience

Linda Beal was a tax partner with PricewaterhouseCoopers in the UK for 16 years and then with Grant Thornton UK LLP. Linda has significant experience of advising natural resources groups operating in Africa and internationally.

BOARD DIVERSITY



How We Manage Our Company

The Board

- Provides independent oversight that ensures the integrity of the business
- Provides the Company with strategic direction
- Responsible for monitoring risk management framework for the Company

Executive Management

- Responsible for managing the Company's core operations at the Songo Songo field
- Responsible for delivering value for all stakeholders
- Ensure the successful implementation of the Company's corporate strategy

Audit and Risk Committee

- Responsible for providing oversight of the financial reporting process
- Provides independent assessment of audit process
- Ensures compliance with laws and regulations
- Responsible for overseeing the management of internal controls and risk management

ESG Committee

- Ensures ESG principles are adopted
- Provides guidance for the implementation of ESG principles
- Provides a systems check on safety, environmental and governance associated risks

Remuneration/ Compensation Committee

- Reviews and decides the overall remuneration of Executive Management and other key employees

Reserves Committee

- Reviews the Company's procedures to ensure that disclosure of reserves complies with security regulation
- Meets with the independent reserves evaluator to determine there have been no restrictions placed by management on the ability to report the reserves and associated valuations
- Ensures oversight of the Songo Songo gas field reserves and reviews associated reservoir and technical risk associated with extraction of reserves and the ability to report the reserves and associated valuations

Our Workforce

Executive Management Team

Jay Lyons
Chief Executive Officer
Executive Director

Appointed 2019

Experience
Jay Lyons joined the Company in May 2019 as a Non-Executive Director and took on the role of Interim Chief Executive Officer in 2020 and Chief Executive Officer in June 2021. Jay is a private investor with considerable experience in the oil and gas industries in both Canada and the United States. He has worked in a range of roles for both private and public companies in the upstream and downstream sectors. Jay has a strong familiarity and understanding of the Songo Songo project and the Tanzanian operating environment.

Lisa Mitchell
Chief Financial Officer
Executive Director

Appointed 2021

Experience
Lisa Mitchell joined the Company as Chief Financial Officer in November 2021. Lisa was the CFO and Executive Director of San Leon Energy plc (AIM: LSE), a Nigeria focused oil and gas company listed in London, and previously the CFO and Executive Director of Lekoil Limited (AIM: LEK), an Africa focused oil and gas company with interests in Nigeria. Lisa has also held senior roles at Ophir Energy plc (LSE: OPHR), a former FTSE 250 energy company, CSL Limited (ASX Top 50) and Mobil Oil Australia.

Lisa is a FCPA (Australia) and holds a Bachelor of Economics from La Trobe University, Melbourne and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

Ewen Denning
Chief Operating Officer

Appointed 2022

Experience
Ewen Denning brings over 35 years of international energy industry experience to Orca Energy Group. During his career he has worked for BP, BG Group and Glencore and had assignments across five continents. Since 2011 he has worked extensively in Africa on a variety of projects in Cameroon, Chad, Equatorial Guinea, Nigeria and Tunisia, most recently on the Logbaba integrated gas project in Cameroon. He has wide technical and commercial experience having held senior positions managing operational assets in established areas and commercializing new ventures in frontier areas.

Ewen holds a B.Eng. in Mechanical Engineering from Sheffield University and an MBA from Heriot-Watt University. He is a Chartered Engineer and Fellow of the Institute of Mechanical Engineers and also a Member of the Society of Petroleum Engineers.

Andy Hanna MBE
Managing Director
PanAfrican Energy Tanzania Limited

Appointed to Managing Director 2019

Experience
Andy Hanna has worked with Orca and PAET in various management roles for the past ten years, being appointed Managing Director of PAET in 2019. He joined the Company following a career in the public sector where he led engineering, logistics and security projects around the world. Since joining, he has played an integral role in the development and delivery of strategic and operational plans for PAET, while taking a lead role in the management of complex senior stakeholder issues in Tanzania.

Andy has a strong background in electronic and civil engineering and has a Master's Degree in Military Science from Cranfield University. He is a Fellow of the Chartered Management Institute and a Member of the Institute of Royal Engineers.

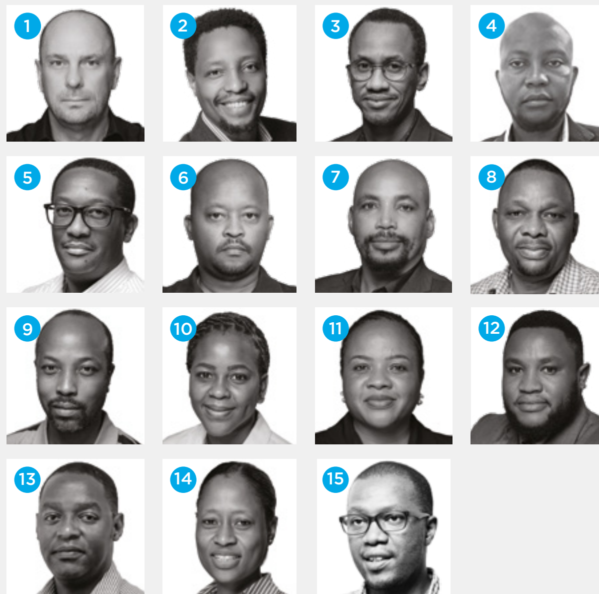
Lloyd Herrick
Advisor to the Board and Management

Appointed 2020

Experience
Lloyd Herrick brings over four decades of international energy experience following a 20 year career at TransGlobe Energy Corporation ("TransGlobe") where he was Vice President, Chief Operating Officer and Director. Prior to TransGlobe, he served as President, Chief Executive Officer and member of the board of Moiibus Resource Corporation, which was acquired by TransGlobe. Earlier in his career, Lloyd worked at Ranger Oil Limited, holding technical, management and executive positions, and was a petroleum engineer with Rupertsland Resources Ltd. and Hudson's Bay Oil & Gas Ltd.

During his time as a member of the TransGlobe executive team and board, Lloyd acquired a wealth of experience in direct government negotiations, including concession agreement amendments and extensions to achieve optimum resource development.

Tanzanian Management Team



Senior Management

1. **Andy Hanna** Managing Director
2. **Bizimana Ntuyabaliwe** Deputy Managing Director
3. **Mwinshehe Said** Finance Director
4. **Peter Sololo** Operations Manager

Management

5. **Andrew Kashangaki** CSR Manager
6. **Brown Mollel** IT Manager
7. **Gasper Mkomba** HR/Office Manager
8. **John Samwel** Downstream Stakeholder Relations Manager
9. **Obeid Kitalima** Finance Manager
10. **Rehema Shija** Local Content Compliance Manager
11. **Ritha Mohele** Legal and Document Control Manager
12. **Sabas Oisso** Downstream Manager
13. **Shuli Mrengo** HSE Manager
14. **Stella Ndossi** Logistics Manager
15. **Vincent Edward** Head of Subsurface

The Company aspires to provide all employees with long-term and rewarding careers. The majority of our Tanzanian management team have been trained and promoted from roles within the Company. It is through their professionalism, skill and diligence that the Company is able to continually raise its standards and quality.

Our operational workforce in 2023 remained at 99% local staff, with 20% of our in-country management team being female.

ISMAIL NGAGA

As a long-standing member of the Finance Department, I have had the privilege of serving the Company for nearly 14 years. My journey began in 2010, and since then, I have been diligently working on tax matters and ensuring compliance. In ensuring tax compliance, I have continued to play a crucial role in making sure we conform with relevant tax regulations and optimizing the Company's tax strategy. As a member of the tax team, I have been dedicated to the preparation and filing of tax returns, timely tax payments, and proactive identification of tax implications on various transactions. Additionally, my involvement in tax audits has demonstrated our team's ability to respond to raised audit queries efficiently, providing evidence and insights that have contributed to positive outcomes.

Over the years, I have witnessed the Company's transformation from a small energy firm to a leading player in the Tanzanian energy sector. The growth has been phenomenal, and the changes have been significant. We have expanded our operations, diversified our energy portfolio, and embraced innovative technologies to enhance efficiency and sustainability.

My role in the Finance Department has evolved over the years with these changes. The complexity and volume of tax matters have increased, but so has our capacity to manage them. We have adopted advanced financial tools and practices, and our team has grown both in numbers and expertise. Looking ahead, I remain focused on maintaining the highest standards of tax compliance while seeking opportunities to streamline processes and enhance the overall tax strategy. I am committed to upholding the Company's reputation for integrity and reliability in all tax-related matters.

The question often arises – why have I stayed with the Company for so long? The answer is simple. It's the Company's vision, culture, and commitment to its employees and stakeholders. PanAfrican Energy is not just a workplace for me, it's a platform where I can contribute to Tanzania's energy future while growing professionally and personally.

I am proud to be part of PanAfrican Energy, and I look forward to contributing to its success in the years to come.

Ismail Ngaga
Accounts Officer
PanAfrican Energy Tanzania Ltd

Management's Discussion & Analysis

THIS MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2023. THIS MD&A IS BASED ON THE INFORMATION AVAILABLE ON APRIL 4, 2024. ALL AMOUNTS ARE REPORTED IN US DOLLARS ("$") UNLESS OTHERWISE NOTED.

THIS MD&A CONTAINS NON-GAAP FINANCIAL MEASURES AND RATIOS AND FORWARD-LOOKING INFORMATION. READERS ARE CAUTIONED THAT THIS MD&A SHOULD BE READ IN CONJUNCTION WITH THE DISCLOSURE BELOW UNDER THE HEADINGS "NON-GAAP FINANCIAL MEASURES AND RATIOS", "FORWARD-LOOKING STATEMENTS" AND "GLOSSARY" INCLUDED AT THE END OF THIS MD&A.

Nature of Operations

The principal asset of Orca Energy Group Inc. ("Orca" or the "Company") is its indirect interest in the Songo Songo gas field, as set out in the Production Sharing Agreement ("PSA") between PanAfrican Energy Tanzania Limited ("PAET"), the Tanzanian Petroleum Development Corporation ("TPDC") and the Government of Tanzania ("GoT") in the United Republic of Tanzania. PAET is the Company's wholly owned subsidiary operating in Tanzania. The PSA covers the production and marketing of natural gas from the Songo Songo gas field offshore of Tanzania. The PSA defines the gas produced from the Songo Songo gas field as "Protected Gas" and "Additional Gas". Protected Gas is owned by TPDC and is sold under a 20-year gas agreement (until July 31, 2024) ("Gas Agreement") to Songas Limited ("Songas") and Tanzania Portland Cement PLC ("TPCPLC"). Songas is the owner of the infrastructure that enables the gas to be treated and delivered to Dar es Salaam, which includes a gas processing plant on Songo Songo Island (collectively, the "Songas Infrastructure").

Songas utilizes the Protected Gas as fuel for its gas turbine electricity generators and for onward sale to customers while TPCPLC uses the Protected Gas to fire kilns for the production of cement. A small amount of Protected Gas is also reserved for village electrification. The Company receives no revenue for the Protected Gas delivered to Songas or other recipients of Protected Gas and operates the original wells and gas processing plant on a "no gain no loss" basis. Under the PSA, the Company has the right to produce and market all gas in the Songo Songo gas field in excess of the Protected Gas requirements set forth in the PSA (such gas is referred to in this document as "Additional Gas") until the PSA expires in October 2026.

The Tanzanian Electric Supply Company Limited ("TANESCO") is a parastatal organization wholly owned by the GoT with oversight by the Ministry of Energy ("MoE"). TANESCO is responsible for the majority of electricity generation, transmission and distribution throughout Tanzania. Natural gas has become an integral component of TANESCO's power generation fuel mix as a more reliable source of supply over seasonal hydropower as well as a more cost-effective and lower carbon dioxide intensive alternative to liquid fuels. The Company and TPDC as joint sellers currently supply Additional Gas directly to TANESCO by way of the Portfolio Gas Supply Agreement ("PGSA") and indirectly through the supply of Protected Gas and Additional Gas to Songas, which in turn generates and sells power to TANESCO. The Company also supplies Additional Gas to TPDC through a long-term gas sales agreement ("LTGSA") utilizing the National Natural Gas Infrastructure ("NNGI"). The PGSA expires on July 31, 2024 and the LTGSA expires on October 10, 2026. Discussions are now ongoing with TANESCO to extend the PGSA, between the Company, TPDC and TANESCO. TANESCO have confirmed their intent to extend to October 2026 however it is not known at this stage the timing for this.

In addition to supplying gas to TPDC, Songas and TANESCO, the Company has developed 50 contracts to supply gas to Dar es Salaam's industrial market.

Financial and Operating Highlights for the Three Months and Year Ended December 31, 2023

	Three Months ended December 31		% Change	Year ended December 31		% Change
(Expressed in $'000 unless indicated otherwise)	**2023**	2022	Q4/23 vs Q4/22	**2023**	2022	Ytd/23 vs Ytd/22
OPERATING						
Daily average gas delivered and sold *(MMcfd)*	**80.8**	95.5	(15)%	**85.6**	86.8	(1)%
Industrial	**13.4**	15.0	(11)%	**13.7**	14.0	(2)%
Power	**67.4**	80.5	(16)%	**71.9**	72.8	(1)%
Average price *($/mcf)*						
Industrial	**8.97**	8.21	9%	**8.73**	8.52	2%
Power	**3.84**	3.60	7%	**3.71**	3.59	3%
Weighted average	**4.69**	4.33	8%	**4.51**	4.38	3%
Operating netback *($/mcf)*[1]	**2.28**	2.42	(6)%	**2.38**	2.62	(9)%
FINANCIAL						
Revenue	**24,448**	31,877	(23)%	**110,235**	118,089	(7)%
Net income/(loss) attributable to shareholders	**(438)**	2,325	(119)%	**7,014**	27,726	(75)%
per share – basic and diluted *($)*	**(0.02)**	0.12	(119)%	**0.35**	1.39	(75)%
Net cash flows from operating activities	**9,858**	15,438	(36)%	**48,485**	67,660	(28)%
per share – basic and diluted *($)*[1]	**0.50**	0.78	(36)%	**2.44**	3.40	(28)%
Capital expenditures[1]	**2,065**	3,615	(43)%	**8,103**	22,406	(64)%
Weighted average Class A and Class B Shares[1] *('000)*	**19,826**	19,893	0%	**19,841**	19,923	0%

	As at December 31, 2023	As at December 31, 2022	% Change
Working capital (including cash)[1]	**67,323**	61,553	9%
Cash and cash equivalents	**101,566**	96,321	5%
Long-term loan	**29,961**	39,762	(25)%
Outstanding shares *('000)*			
Class A	**1,750**	1,750	0%
Class B	**18,051**	18,126	0%
Total shares outstanding	**19,801**	19,876	0%
RESERVES[2,3]			
Gross reserves *(Bcf)*			
Proved	**85**	141	(40)%
Probable	**9**	26	(65)%
Proved plus probable	**94**	167	(44)%
Net present value, discounted at 10% *($ million)*[2,3,4]			
Proved	**108**	147	(27)%
Proved plus probable	**119**	171	(30)%

1 Please refer to the Non-GAAP Financial Measures and Ratios section of the MD&A for additional information.
2 Please refer to the Oil and Gas Advisory section of the MD&A for additional information.
3 Please note that the 2023 numbers reflect the Company's 100% working interest before additional profits tax and government share following the acquisition of Swala (PAEM) Limited's ("Swala UK") 7.933% working interest in 2023. The 2022 numbers reflect the Company's 92.07% working interest before additional profits tax and government share at year end 2022.
4 In accordance with the PSA with the TPDC and the GoT in the United Republic of Tanzania, the Company is able to recover income tax and consequently there is no significant difference between the net present value of reserves on a before and after tax basis. Any capitalized terms otherwise not defined within the Financial and Operating Highlights are defined in the MD&A.

Management's Discussion & Analysis cont.

Financial and Operating Highlights for 2023 and Q4 2023

- Revenue decreased by 23% for Q4 2023 and by 7% for the year ended December 31, 2023 over the comparable prior year periods. The decrease for Q4 2023 over the comparable prior year period is primarily a result of lower sales to the power sector and a lower current income tax adjustment. The decrease for the year ended December 31, 2023 over the comparable prior year period is primarily a result of higher TPDC share of revenue as an outcome of decreased capital expenditures and lower Cost Gas revenue (as defined herein).
- Total gross conventional natural gas production, including fuel gas, was in line with revised forecasts and averaged 121.8 MMcfd for Q4 2023, of which 80.8 MMcfd was Additional Gas. Gas deliveries decreased by 15% for Q4 2023 and by 1% for the year ended December 31, 2023 compared to the same prior year periods. The decrease for Q4 2023 was primarily due to declining production from the currently producing wells and reservoir compartments in the Songo Songo field.
- We currently forecast average Additional Gas sales for 2024 to be in the range of 80-90 MMcfd for the full year, based on current contracted volumes and the end of the Protected Gas regime on July 31, 2024.
- Discussions are ongoing with Songas and TPCPLC to negotiate new gas sales contracts from August 1, 2024 to sell the volumes which are currently supplied as Protected Gas under the Gas Agreement. The obligation to supply Protected Gas ends on July 31, 2024.
- Discussions are also ongoing with TANESCO to extend the PGSA between PAET, TPDC and TANESCO, which currently ends on July 31, 2024.
- Net income attributable to shareholders decreased by 75% for the year ended December 31, 2023 compared to the same prior year period, primarily as a result of the decreased revenue, increased depletion expense, including a one-time accelerated depletion charge in Q4 2023 with respect to costs previously incurred in relation to the 3D seismic acquisition and processing program, and higher net foreign exchange loss.
- Net cash flows from operating activities decreased by 36% for Q4 2023 and by 28% for the year ended December 31, 2023 compared to the same prior year periods, primarily a result of decreased revenue and changes in non-cash working capital.
- Capital expenditures decreased by 43% for Q4 2023 and by 64% for the year ended December 31, 2023 compared to the same prior year period. The capital expenditures in 2023 primarily related to the costs of the planned 2023 well workover program and the 3D seismic acquisition program. The capital expenditures in 2022 primarily related to the 2021-2022 well workover program and the initial costs of the 3D seismic acquisition program.
- The third party contractor responsible for the 3D seismic acquisition program, which was expected to be completed in 2023, suspended its operations. The Company issued a breach of contract notice to the contractor in Q3 2023. The contractor failed to remedy the breach under its agreement with PAET. The Company therefore terminated the contract on October 25, 2023 but remained in discussions with the contractor who is disputing PAET's right to terminate. In Q4 2023, accelerated depletion was recognized on costs incurred to date related to the 3D seismic acquisition. On March 20, 2024 PAET received a summons from the Tanzanian High Court (Commercial Division) to file a written statement of defense against a claim made by the seismic contractor for losses arising from PAET's termination of the contract. The contractor seeks to claim $30.0 million for losses incurred plus legal costs, interest and general damages. The Company in consultation with its legal advisors believes that there are limited merits to the claim and as such does not consider it necessary to include a further provision in the 2023 financial statements. The initial hearing of the claim has been set as April 18, 2024.
- An intervention in the offshore well SS-7 is planned to take place in 2024, subject to the ability to convert Tanzanian shilling balances to US dollars in Tanzania and receipt of the necessary stakeholder approvals. Based on expected supplier mobilization timelines, the earliest start of operations is now in Q2 2024. Following the negotiation of commercial terms with service providers, the total expected project cost has increased to $13.9 million from $8.5 million. The work program is designed to shut off water production which caused the well to die and be shut in from 2019. The cause of the water production is interpreted to be a failed cement bond outside the production liner which created a flow path for water into the well when it was in production. If successful, the SS-7 well is expected to increase field deliverability by 20-25 MMcfd primarily from the currently non-producing southern compartment.
- Front-end engineering continues on the new common inlet manifold in order to optimize gas flow between the Songas gas plant and the NNGI plant, both of which are supplied with gas from the Songo Songo gas field. Project construction and installation is expected to occur in Q4 2024, with commissioning in Q1 2025, subject to final investment decision and stakeholder approvals, at an estimated cost of $5-6 million.
- The production logging program planned in conjunction with the SS-7 intervention will take place in Q2 2024 at an estimated cost of $1.1 million. This work program will provide detailed reservoir information, in addition to the annual pressure surveys, to improve the accuracy of forecasting future reservoir performance. Key targeted wells under the program include wells SS-3, SS-5, SS-7 and SS-10.
- The Company continues to carry out studies to identify opportunities to improve the efficiency of operations at the Songas plant. The Company has installed new positive chokes replacing old units in all wells in Q1 2024 to reduce the pressure drop upstream of the gas processing plant. At a cost of $77,000, this is expected to sustain production during 2024 ahead of the SS-7 intervention.
- Funding of capital projects will be from working capital. All capital allocation decisions will be based upon access to US dollars and prudent economic evaluation to achieve the necessary return given the short time remaining on the PSA, which expires in October 2026.
- During Q2 2023, the Company formally requested TPDC to initiate the process of extending the development license in accordance with the terms of the PSA. The Government Negotiating Committee held a preliminary meeting with the Company in March 2024 to discuss timing around negotiations. The Company continues to seek dialogue with TPDC and the MoE seeking to expedite license extension discussions and will maintain gas sale contract discipline going forward by operating in line with our gas supply agreements.

Financial and Operating Highlights for 2023 and Q4 2023 cont.

- The Company exited the period with $67.3 million in working capital (December 31, 2022: $61.6 million), cash and cash equivalents of $101.6 million (December 31, 2022: $96.3 million) and long-term debt of $30.0 million (December 31, 2022: $39.8 million).
- As at December 31, 2023, the current receivable from TANESCO was $5.9 million (December 31, 2022: $3.7 million). The TANESCO long-term receivable as at December 31, 2023 and as at December 31, 2022 was $22.0 million with a provision of $22.0 million. Subsequent to December 31, 2023 the Company has invoiced TANESCO $8.9 million for 2024 gas deliveries and TANESCO has paid the Company $10.6 million to date.
- On July 21, 2023, the Company repurchased the 7.933% shares in the Company's subsidiary, PAE PanAfrican Energy Corporation ("PAEM"), previously held by Swala UK for $7.5 million and the non-controlling interest was eliminated in Q3 2023.
- On December 17, 2023, the Company, PAEM and PAET entered into a settlement agreement with the Fair Competition Commission ("FCC") of the United Republic of Tanzania to settle allegations under the Provisional Findings issued by the FCC on August 5, 2022. The settlement was made without prejudice to the Company's objections to the validity of the allegations and without any admission of liability, for an aggregate settlement amount of $0.2 million. The payment was made on December 23, 2023.
- Total working interest proved conventional natural gas reserves ("1P") and total proved plus probable conventional natural gas reserves ("2P") decreased by 40% and 44%, respectively, as at December 31, 2023 compared to the prior year. The decrease is due to gross property Additional Gas production in 2023 of 31.3 Bcf (2022: 31.7 Bcf) and declining reservoir pressures, removal of development capital and the number of years remaining on the current term of the Songo Songo license. The reduction in Company gross reserves was partially offset by the 2023 acquisition of a 7.933% interest from Swala UK which increased the Company's working interest share to 100% of the reserves. The net present value of lower reserves and estimated future cash flows from 2P reserves at a 10% discount rate decreased by 30% compared to the previous year. This is mainly the result of the shorter time period remaining to the end of the Songo Songo license.
- Under the terms of the PSA, the Company is required to pay Tanzanian income tax which is fully recovered through the profit-sharing arrangements with TPDC. Income tax has no material impact on the cash flows emanating from the PSA and accordingly there is no significant difference between the net present value of reserves on a before and after tax basis.

Oil and Gas Advisory

The Company's conventional natural gas reserves as at December 31, 2023 disclosed herein were evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel"), independent petroleum engineering consultants, in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

The independent reserves evaluations prepared by McDaniel had an effective date of December 31, 2023 and December 31, 2022 and preparation date of February 1, 2024 and February 24, 2023 respectively. All of the reserves presented herein are conventional natural gas reserves. The net present value of future net revenue attributable to the Company's reserves is stated without provision for interest costs and out of country general and administrative costs, but after providing for estimated additional profits tax, production costs, development costs, other income and future capital expenditures for only those wells assigned reserves by McDaniel. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Company's reserves estimated by McDaniel represent the fair market value of those reserves. Such amounts do not represent the fair market value of the Company's reserves. The recovery and reserve estimates of the Company's conventional natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein. All of the reserves referenced herein are based on McDaniel's forecast pricing as at December 31, 2023 and December 31, 2022, as applicable.

All the Company's reserves are located in Tanzania. Reserves included herein are stated on a Company gross reserves basis unless noted otherwise. Company gross reserves are the total of the Company's working interest share in reserves and are based on the Company's 100% ownership interest in the reserves (2022: 92.07%). Additional reserves information required under NI 51-101 is included in Orca's reports relating to reserves data and other oil and gas information under NI 51-101, which are filed on its profile on SEDAR+ at www.sedarplus.ca.

Management's Discussion & Analysis cont.

Financial and Operating Highlights for 2023 and Q4 2023 cont.

Oil and Gas Advisory cont.

"BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

For certainty, all references herein to "production", "gross daily sales", "gas sales" and "Additional Gas sales" are references to conventional natural gas production, conventional natural gas daily sales, conventional natural gas sales and conventional natural gas sales, which are classified as Additional Gas in accordance with the PSA, respectively.

Operating Volumes

The average gross daily sales volume decreased by 15% for Q4 2023 and by 1% for the year ended December 31, 2023 over the comparable prior year periods. The decrease for Q4 2023 was primarily due to declining production from the currently producing wells and reservoir compartments in the Songo Songo field.

The Company's gross sales volumes were split between the industrial and power sectors as detailed in the table below:

	Three Months ended December 31		Year ended December 31	
	2023	2022	**2023**	2022
Gross sales volume *(MMcf)*				
Industrial sector	**1,230**	1,384	**5,007**	5,098
Power sector	**6,205**	7,402	**26,249**	26,579
Total volumes	**7,435**	8,786	**31,256**	31,677
Gross daily sales volume average *(MMcfd)*				
Industrial sector	**13.4**	15.0	**13.7**	14.0
Power sector	**67.4**	80.5	**71.9**	72.8
Gross daily sales volume average total	**80.8**	95.5	**85.6**	86.8

Industrial Sector

Industrial sector gross daily sales volumes decreased by 11% for Q4 2023 and by 2% for the year ended December 31, 2023 over the comparable prior year periods. The decreases were primarily a result of unscheduled maintenance at a cement plant.

Power Sector

Power sector gross daily sales volumes decreased by 16% for Q4 2023 and by 1% for the year ended December 31, 2023 over the comparable prior year periods. The decreases were primarily a result of decreased gas sales to TANESCO.

Protected Gas Volumes

Protected Gas volumes decreased by 8% to 3,597 MMcf (39.1 MMcfd) for Q4 2023 compared to 3,890 MMcf (42.3 MMcfd) for Q4 2022 and increased by 2% to 14,170 MMcf (38.8 MMcfd) for the year ended December 31, 2023 compared to 13,883 MMcf (38.0 MMcfd) for the year ended December 31, 2022. The Company receives no revenue for Protected Gas volumes; however the volumes are required to calculate total gas produced from the reservoir and the allocation of certain production, distribution and transportation expenses between Protected Gas and Additional Gas.

Commodity Prices

The commodity prices achieved in the different sectors during the year are detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$/mcf	**2023**	2022	**2023**	2022
Average sales price				
Industrial sector	**8.97**	8.21	**8.73**	8.52
Power sector	**3.84**	3.60	**3.71**	3.59
Weighted average price	**4.69**	4.33	**4.51**	4.38

Commodity Prices cont.

Industrial Sector

The average industrial sales price increased by 9% for Q4 2023 and by 2% for the year ended December 31, 2023 over the comparable prior year periods. The increases in prices are primarily due to the underlying increase in the price of Heavy Fuel Oil against which most of the industrial customer contracts are priced.

Power Sector

The average power sector sales price increased by 7% for Q4 2023 and by 3% for the year ended December 31, 2023 compared to the same prior year periods. The average power sector sales price varies depending on whether gas is delivered and sold through the NNGI or the Songas Infrastructure. Sales through the NNGI are to TPDC and do not include processing and transportation tariffs which are included in gas delivered through the Songas Infrastructure.

Revenue

Under the terms of the PSA the Company is responsible for invoicing, collecting and allocating the revenue from Additional Gas sales (see "Principal Terms of the PSA and Related Agreements").

The Company is entitled to recover all costs incurred on the exploration, development and operations of the project ("Cost Gas revenue") up to a maximum of 75% of the net field revenue (gross field revenue less the tariff for processing and pipeline infrastructure) prior to allocating the remaining net field revenue between TPDC and the Company ("Profit Gas revenue"). Any costs not recovered in a period are carried forward for recovery out of future revenues. Once the Cost Gas revenue has been recovered, TPDC is able to recover any pre-approved marketing costs. Currently there are no pre-approved marketing costs for TPDC.

The Company is liable for income tax in Tanzania, but under the terms of the PSA, TPDC's share of revenue is reduced by the current tax payable grossed up at 30% ("income tax adjustment"). Revenue as presented on the Company's Consolidated Statements of Comprehensive Income is calculated by adjusting the Company's operating revenue by the income tax adjustment.

The reconciliation of gross field revenue to Company operating revenue is detailed below:

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Industrial sector	**11,028**	11,356	**43,694**	43,437
Power sector	**23,842**	26,659	**97,378**	95,388
Gross field revenue	**34,870**	38,015	**141,072**	138,825
TPDC share of revenue	**(13,318)**	(11,921)	**(47,364)**	(37,841)
Company operating revenue	**21,552**	26,094	**93,708**	100,984
Current income tax adjustment	**2,896**	5,783	**16,527**	17,105
	24,448	31,877	**110,235**	118,089

Revenue decreased by 23% for Q4 2023 and by 7% for the year ended December 31, 2023 over the comparable prior year periods. The decrease for Q4 2023 over the comparable prior year period is primarily a result of lower sales to the power sector and a lower current income tax adjustment. The decrease for the year ended December 31, 2023 over the comparable prior year period is primarily a result of higher TPDC share of revenue as an outcome of decreased capital expenditures and lower Cost Gas revenue, which was partially offset by higher sales to the power sector compared to the year ended December 31, 2022.

The average Additional Gas sales volumes for the quarters and for the years ended December 31, 2023 and December 31, 2022 were above 50 MMcfd which entitled the Company to a 55% share of Profit Gas revenue. The Company was allocated a total of 58% of the Additional Gas net field revenue for Q4 2023 (Q4 2022: 66%) and a total of 63% of the Additional Gas net field revenue for the year ended December 31, 2023 (year ended December 31, 2022: 70%).

Management's Discussion & Analysis cont.

Production, Distribution and Transportation Expenses

The production, distribution and transportation costs are detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Operating costs	**872**	916	**3,941**	3,218
Tariff for processing and pipeline infrastructure	**3,180**	3,270	**12,390**	12,140
Ring-main distribution costs	**524**	613	**2,866**	2,653
	4,576	4,799	**19,197**	18,011

Operating costs include well maintenance costs, PSA license costs, regulatory fees, insurance, certain costs associated with evaluation of the reserves and the costs of personnel not recoverable from Songas. Operating costs are allocated between Protected Gas (recoverable from Songas) and Additional Gas in proportion to their respective volumes during the period. Operating costs decreased by 5% for Q4 2023 and increased by 22% for the year ended December 31, 2023 compared to the same prior year periods. The increase for the year ended December 31, 2023 primarily was a result of increased insurance costs. The amount paid under the tariff for processing and pipeline infrastructure decreased by 3% for Q4 2023 and increased by 2% for the year ended December 31, 2023 compared to the same prior year periods, primarily as a result of fluctuations in gas volumes processed and delivered through the Songas Infrastructure. Ring-main distribution costs decreased by 15% for Q4 2023 and increased by 8% for the year ended December 31, 2023 compared to the same prior year periods. The increase for the year ended December 31, 2023 primarily was a result of higher compressor maintenance costs.

Operating Netback

The operating netback per mcf before general and administrative expenses, tax and Additional Profits Tax ("APT") is detailed in the table below (see "Non-GAAP financial measures and ratios"):

	Three Months ended December 31		Year ended December 31	
$/mcf	**2023**	2022	**2023**	2022
Gas price – Industrial	**8.97**	8.21	**8.73**	8.52
Gas price – Power	**3.84**	3.60	**3.71**	3.59
Weighted average price for gas	**4.69**	4.33	**4.51**	4.38
TPDC Profit Gas entitlement	**(1.79)**	(1.36)	**(1.52)**	(1.19)
Production, distribution and transportation expenses	**(0.62)**	(0.55)	**(0.61)**	(0.57)
Operating netback	**2.28**	2.42	**2.38**	2.62

The operating netback decreased by 6% for Q4 2023 and by 9% for the year ended December 31, 2023 over the comparable prior year periods. The decreases are mainly due to the increase in the TPDC Profit Gas revenue entitlement as an outcome of decreased capital expenditures and lower Cost Gas revenue recoveries by the Company.

General and Administrative Expenses

General and administrative expenses are split between the Company's head office and Tanzania. A significant percentage of general and administration expenses relate to office and management costs that support the Company's operations in Tanzania and are cost recoverable under the PSA.

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Tanzania	**2,766**	2,356	**8,601**	8,029
Corporate	**2,768**	1,464	**9,291**	5,519
	5,534	3,820	**17,892**	13,548

General and administrative expenses are detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Employee and related costs	**2,855**	1,996	**9,988**	7,408
Office costs	**1,295**	913	**4,045**	3,668
ESG, marketing and business development costs	**110**	137	**367**	472
Reporting, regulatory and corporate	**1,274**	774	**3,492**	2,000
	5,534	3,820	**17,892**	13,548

In 2023, the Company approved the long-term retention award plan effective for the period from October 1, 2022 to September 30, 2026 ("Long Term Retention Plan") to encourage retention of its employees, promote employee performance to increase shareholder value over the four-year period, and align the Company's approach to compensation with the Company's strategy to continue and expand its operations in Tanzania upon receipt of a license extension. The total potential award amount payable to eligible participants (employees and directors) under the plan is $4.8 million, with an award payment date of September 30, 2026. This award amount is being recognized on a straight-line basis over the four-year period. Accordingly, as at December 31, 2023, $1.5 million has been recognized as an expense and as an outstanding liability.

General and administrative expenses averaged $1.8 million per month during Q4 2023 (Q4 2022: $1.3 million) and $1.5 million per month for the year ended December 31, 2023 (year ended December 31, 2022: $1.1 million). The 35% increase in employee and related costs for the year ended December 31, 2023 over the comparable prior year period was mainly a result of recruitment of additional corporate employees and the introduction of the Long Term Retention Plan. The 10% increase in office costs for the year ended December 31, 2023 over the comparable prior year period was primarily a result of higher costs related to legal services in Tanzania. The 22% decrease in ESG, marketing and business development costs for the year ended December 31, 2023 over the comparable prior year period was a result of a decrease in business development related costs. The 75% increase in reporting, regulatory and corporate costs for the year ended December 31, 2023 over the comparable prior year period was due to an increase in costs related to professional services, mainly legal services.

Stock Based Compensation

The breakdown of the costs incurred in relation to stock based compensation is detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Stock appreciation rights ("SARs")	**–**	–	**3**	23
Restricted stock units ("RSUs")	**–**	(1)	**3**	(143)
	–	(1)	**6**	(120)

As at December 31, 2023 there were no SARs or RSUs outstanding (December 31, 2022: 14,000 SARs and 2,833 RSUs). No new SARs or RSUs were issued or forfeited during 2023. 14,000 SARs and 2,833 RSUs were exercised during 2023.

As at December 31, 2023 a total accrued liability of $ nil (December 31, 2022: $0.02 million) has been recognized in relation to SARs and RSUs. In 2023, the Company recognized an expense of $0.006 million for the year (2022: recovery of $0.1 million) on stock based compensation.

Management's Discussion & Analysis cont.

Depletion and Depreciation

Natural gas properties are depleted using the unit of production method based on the production for the period as a percentage of the total future production from the Songo Songo proved reserves. As at December 31, 2023 the estimated proved reserves remaining to be produced over the term of the PSA as determined by McDaniel in their report dated February 1, 2024 with an effective date of December 31, 2023 and prepared in accordance with NI 51-101 and the COGE Handbook were 85 Bcf (December 31, 2022: 141 Bcf). The average depletion rate was $1.12/mcf for the year ended December 31, 2023 compared to $0.91/mcf for the comparable prior year.

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Oil and natural gas interests	**15,052**	9,886	**41,857**	29,174
Office and other	**35**	25	**120**	70
Right-of-use assets	**53**	69	**252**	284
	15,140	9,980	**42,229**	29,528

The depletion charge for natural gas interests increased by 52% for Q4 2023 and by 43% for the year ended December 31, 2023 over the comparable prior year periods. The increases were mainly due to a reduction in estimated proved reserves. Additionally, during Q4 2023 accelerated depletion totaling $7.0 million was recognized on engineering, acquisition, processing and associated costs related to the 3D seismic acquisition and processing program which will not be pursued in the absence of a license extension.

Finance Income and Expense

Finance income is detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Interest income	**748**	300	**1,888**	613
	748	300	**1,888**	613

Finance expense is detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Base interest expense	**1,092**	1,276	**4,850**	5,678
Participation interest expense	**702**	1,150	**2,970**	2,936
Lease interest expense	**9**	4	**14**	23
Interest expense	**1,803**	2,430	**7,834**	8,637
Net foreign exchange loss	**526**	157	**5,001**	470
Indirect tax	**298**	331	**1,273**	1,103
Trade and other receivables write off	**830**	–	**830**	–
	3,457	2,918	**14,938**	10,210

Finance Income and Expense cont.

Base interest expense and participation interest expense relate to the long-term loan ("Loan") from the International Finance Corporation ("IFC") to PAET. Base interest on the Loan is payable quarterly in arrears at 10% per annum on a "pay-if-you-can-basis" using a formula to calculate the net cash available for such payments as at any given interest payment date. The participation interest expense is paid annually in arrears. It equates to 6.4% of PAET's net cash flows from operating activities less the net cash flows used in investing activities for the year. Such participation interest will continue to accrue until October 15, 2026 regardless of whether the Loan is repaid prior to its contractual maturity date. The increase in participation interest expense for the year ended December 31, 2023 over the comparable prior year period is primarily a result of the increase in PAET's net cash flows from operating activities, less the net cash used in investing activities.

Net foreign exchange losses are the result of transactions in foreign currencies recorded at the rate of exchange prevailing on the date of such transactions and include both realized and unrealized revaluation gains and losses. Specifically, unrealized revaluation loss represents changes in fair value of cash balances denominated in Tanzanian shillings. Monetary assets and liabilities in foreign currencies are translated at period-end rates. Non-monetary items are translated at historic rates, unless such items are carried at market value, in which case they are translated using the exchange rates that existed when the values were determined. These foreign exchange gains and losses are recorded in finance expense.

The indirect tax includes value added tax ("VAT") on the invoices to TANESCO for interest on late payments. The trade and other receivables write off relates to: (i) VAT on interest invoices to Songas relating to unpaid invoices for the SS-5 and SS-9 workovers; and (ii) an advance which was paid to a supplier and could not be recovered.

Reversal of Loss Allowance

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Reversal of loss allowance	**(4,901)**	(2,528)	**(6,915)**	(10,150)
Loss allowance	**-**	3,240	**-**	3,435
	(4,901)	712	**(6,915)**	(6,715)

The reversal of loss allowance in 2023 follows: (i) the recognition of $4.9 million resulting from agreement with Songas on a revision to the cost sharing in respect of the 2015-2016 workover of the SS-5 and SS-9 wells; and (ii) indirect taxation of $2.0 million relating to the 2020 and 2021 take or pay invoices to TANESCO that were paid in 2023.

The reversal of loss allowance in 2022 follows: (i) collection of TANESCO arrears of $5.6 million which represents the excess of receipts over gas sales invoiced during the year; and (ii) indirect taxation of $4.6 million related to the TANESCO 2017 and 2018 take or pay invoices that were paid in 2022. The loss allowance in 2022 represents: (i) $3.2 million with respect to impairment of Swala Oil & Gas (Tanzania) plc ("Swala TZ") convertible preference shares ("Preference Shares") (see Note 24); and (ii) the net amount of $0.5 million previously allowed for in 2021 with respect to the dispute with the Tanzanian Revenue Authority ("TRA") on the issue of withholding tax on services performed outside Tanzania by non-resident persons in 2010 and 2015-16 and $0.7 million representing the settlement amount with respect to the above withholding tax dispute.

Tax

Income Tax

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Current tax	**3,354**	5,752	**16,133**	15,488
Deferred tax (recovery) expense	**(986)**	(993)	**(6,161)**	1,213
	2,368	4,759	**9,972**	16,701

Under the terms of the PSA with TPDC and the GoT, the Company is liable for income tax in Tanzania at the corporate tax rate of 30%. However, the PSA provides a mechanism by which income tax payable is recovered from TPDC by reducing TPDC's share of Profit Gas revenue and increasing the allocation to the Company. This is reflected in the accounts by increasing the Company's share of revenue by an amount equivalent to current year income taxes payable grossed-up by 30%.

As at December 31, 2023 there were temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes under the Income Tax Act 2004. Applying the 30% Tanzanian tax rate, the Company has recognized a deferred tax liability of $19.0 million (December 31, 2022: $20.1 million). The deferred tax has no impact on cash flow until it becomes a current income tax, at which point the tax is paid and recovered from TPDC's share of Profit Gas revenue.

Management's Discussion & Analysis cont.

Tax cont.

Additional Profits Tax

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
APT	**1,753**	2,270	**8,162**	7,613

Under the terms of the PSA, APT is payable when the Company has recovered its costs plus a specified return out of Cost Gas revenue and Profit Gas revenue. As a result: (i) no APT is payable until the Company recovers its costs out of Additional Gas revenue plus an annual operating return under the PSA of 25% plus the percentage change in the United States Industrial Goods Producer Price Index ("PPI"); and (ii) the maximum APT rate is 55% of the Company's Profit Gas revenue when costs have been recovered with an annual return of 35% plus the percentage change in PPI.

The timing and the effective rate of APT depends on the realized value of Profit Gas revenue which in turn depends on the level of expenditure. The Company provides for APT by annually forecasting the total APT payable in the future as a proportion of the forecast Profit Gas revenue over the term of the PSA. The forecast takes into account the timing of future development capital spending. As at December 31, 2023 the current portion of APT payable was $16.0 million (December 31, 2022: $13.1 million) with a long-term APT payable of $7.5 million (December 31, 2022: $15.3 million). APT of $13.1 million was paid in Q1 2023 based on the 2022 results (Q1 2022: $8.5 million paid based on 2021 results).

The effective APT rate of 11.5% (Q4 2022: 15.6%) has been applied to the Company's share of Profit Gas revenue of $15.3 million for Q4 2023 (Q4 2022: $14.6 million), and average effective rate of 14.5% (2022: 16.8%) has been applied to the Company's share of Profit Gas revenue of $56.2 million for the year ended December 31, 2023 (year ended December 31, 2022: $45.4 million). Accordingly, $1.8 million for the quarter ended December 31, 2023 (Q4 2022: $2.3 million) and $8.2 million for the year ended December 31, 2023 (year ended December 31, 2022: $7.6 million) of APT has been recorded in the Consolidated Statements of Comprehensive Income.

Working Capital

Working capital as at December 31, 2023 was $67.3 million (December 31, 2022: $61.6 million) and is detailed in the table below (also see "Non-GAAP Financial Measures and Ratios"):

	As at December 31			
$'000		**2023**		2022
Cash and cash equivalents		**101,566**		96,321
Trade and other receivables				
Songas	**8,146**		12,640	
TPDC	**3,841**		4,694	
TANESCO	**5,851**		3,736	
Industrial customers and other receivables	**16,176**		15,207	
Loss allowance	**(1,177)**	**32,837**	(1,177)	35,100
Prepayments		**1,637**		1,551
		136,040		132,972
Trade and other liabilities				
TPDC share of Profit Gas revenue[1]	**17,199**		19,440	
Songas	**2,981**		2,933	
Deferred income – take or pay contracts	**1,144**		10,665	
Other trade payables and accrued liabilities	**17,083**		10,154	
Current portion of long-term loan	**10,000**		10,000	
Current portion of APT	**15,984**	**64,391**	13,146	66,338
Tax payable		**4,326**		5,081
		68,717		71,419
Working capital		**67,323**		61,553

1 The balance of $17.2 million payable to TPDC is the liability for TPDC's share of Profit Gas revenue, primarily related to unpaid gas deliveries to TANESCO. The majority of the settlement of this liability is dependent on receipt of payment from TANESCO for arrears. For their allocation of Profit Gas revenue, the Company paid TPDC $5.7 million in February 2023, $11.5 million in April 2023, $4.9 million in July 2023, $11.1 million in October 2023 and $2.4 million in February 2024.

Working Capital cont.

Financial Instruments

Current financial instruments of the Company include cash and cash equivalents, trade and other receivables, trade and other liabilities and tax payable. The carrying values of the financial instruments approximate fair values due to their relatively short periods to maturity. The risks associated with the Company's financial instruments are primarily attributed to the inherent riskiness of the Tanzanian cash holdings and the ability to exchange Tanzanian shillings for hard currencies, and the risk that trade and other receivables may not be paid when due. The Company mitigates these risks by (i) holding, when possible, the majority of its cash (other than Tanzanian shillings) outside of Tanzania in reputable international financial institutions primarily in Jersey and Mauritius which reduces geo-political risk; (ii) monitoring and reviewing the trade and other receivables on a regular basis to determine if allowances are required for overdue amounts or action is required to restrict deliveries on past due accounts to reduce exposure on outstanding receivables; and (iii) seeking payments from its customers, when possible, in US dollars. As of December 31, 2023, over 90% of receipts from domestic customers are denominated in Tanzanian shillings. There are no restrictions on the movement of cash from Jersey, Mauritius or Tanzania.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets cease to be recognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Working Capital Requirements

The Company expects to have sufficient cash flow from operating activities to maintain adequate working capital to cover both short-term and long-term obligations for 2024, including forecasted debt and interest payments ($14.4 million) and capital expenditure ($21.6 million). The Company has not incurred any material losses from debtors in 2023 and does not expect to incur any losses from debtors in 2024. The Company maintains adequate US dollars and other hard currencies on hand to ensure it can meet all its foreign denominated capital expenditure obligations and deal with possible fluctuations in liquidity from operational problems and US dollar liquidity issues in Tanzania. The Company does not anticipate any circumstances that are reasonably likely to occur that could significantly impact the Company's cash flows and liquidity, however, the global growth slowdown and the impact of the war in Ukraine has seen an increasing decline in foreign exchange reserves in Tanzania, which has given rise to decreased availability in Tanzania of US dollars and other hard currencies and has impaired the Company's ability to convert Tanzanian shillings to US dollars in 2023. There is a risk that the Company may not be able to convert Tanzanian shillings to hard currencies, such as US dollars, in the future as and when required. It is not known when the foreign exchange reserve deficiency in Tanzania will be remedied, if ever.

TANESCO Receivable

As at December 31, 2023 the current receivable from TANESCO was $5.9 million (December 31, 2022: $3.7 million). In 2023 the Company invoiced TANESCO $32.9 million (2022: $29.8 million) for gas deliveries and received $30.8 million (2022: $33.7 million) in payments. These amounts are inclusive of VAT. Based on the consistent payments from TANESCO, the Company: (i) recognized all amounts invoiced for gas deliveries in 2023 and 2022 as revenue; and (ii) recognized $ nil during the year (2022: $5.6 million) as a reversal of loss allowance relating to the amounts collected during the year that were applied towards the long-term TANESCO receivables previously allowed for.

In addition, in 2023 TANESCO paid the Company $13.2 million against the 2020 and 2021 take or pay invoices (2022: $30.0 million paid against the 2017 and 2018 take or pay invoices). $11.2 million of this amount (2022: $25.4 million) was released to the Company's Statements of Comprehensive Income as revenue in 2023. $2.0 million, being the VAT component of the take or pay invoices, was reversed out of loss allowance in 2023 (2022: $4.6 million).

The TANESCO long-term receivable as at December 31, 2023 and as at December 31, 2022 was $22.0 million with a provision of $22.0 million. Subsequent to December 31, 2023 the Company has invoiced TANESCO $8.9 million for 2024 gas deliveries and TANESCO has paid the Company $10.6 million to date.

Management's Discussion & Analysis cont.

Capital Expenditures

The capital expenditures (see "Non-GAAP Financial Measures and Ratios") in 2023 primarily related to the initial costs of the well workover program and the 3D seismic acquisition program. The capital expenditures in 2022 primarily related to the well workover program and the initial costs of the 3D seismic acquisition program.

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Pipelines, well workovers and infrastructure	**2,067**	3,604	**7,984**	22,125
Other capital expenditures	**(2)**	11	**119**	281
	2,065	3,615	**8,103**	22,406

Capital Requirements

Except as described below, there are no contractual commitments for exploration or development drilling or other field development, either in the PSA or otherwise agreed, which would give rise to significant capital expenditure with respect to the Songo Songo gas field. Any additional significant capital expenditure in Tanzania is discretionary.

The third party contractor responsible for the 3D seismic acquisition program, which was originally expected to be completed by the end of 2022 and to cost $24.2 million, suspended its operations in Q3 2023. The Company issued a breach of contract notice to the contractor in Q3 2023. The contractor failed to remedy the breach under its agreement with PAET. The Company therefore terminated the contract on October 25, 2023. In Q4 2023, accelerated depletion was recognized on costs incurred to date related to the 3D seismic acquisition. On March 20, 2024 PAET received a summons from the Tanzanian High Court (Commercial Division) to file a written statement of defense against a claim made by the seismic contractor for losses arising from PAET's termination of the contract. The contractor seeks to claim $30.0 million for losses incurred plus legal costs, interest and general damages. The Company in consultation with its legal advisor believes that there are limited merits to the claim and as such does not consider it necessary to include a further provision in the 2023 financial statements. The initial hearing of the claim has been set as April 18, 2024.

An intervention in the offshore well SS-7 is planned to take place in 2024, subject to the ability to convert Tanzanian shilling balances to US dollars in Tanzania and necessary stakeholder approvals. Based on expected supplier mobilization timelines, earliest start of operations is now in Q2 2024. Following the negotiation of commercial terms with service providers, the total expected project cost has increased to $13.9 million from $8.5 million. The work program is designed to shut off water production which caused the well to be shut in from 2019. The cause of the water production is interpreted to be a failed cement bond outside the production liner which created a flow path for water into the well when it was in production. If successful, the SS-7 well is expected to increase field deliverability by 20-25 MMcfd primarily from the currently non-producing southern compartment.

Front end engineering continues on the new common inlet manifold in order to optimize gas flow across the Songas gas plant and the NNGI plant, both of which are supplied with gas from the Songo Songo gas field. Project construction and installation are expected to occur in Q4 2024, with commissioning in Q1 2025, subject to final investment decision and stakeholder approvals, at an estimated cost of $5-6 million.

The production logging program planned in conjunction with the SS-7 intervention will take place in Q2 2024 at an estimated cost of $1.1 million. This work program will provide detailed reservoir information, in addition to annual pressure surveys, to improve the accuracy of forecasting future reservoir performance. Key targeted wells under the program include wells SS-3, SS-5, SS-7 and SS-10.

The Company continues to carry out studies to identify opportunities to improve the efficiency of operations at the Songas plant. The Company has installed new positive chokes replacing old units in all wells in Q1 2024 to reduce the pressure drop upstream of the gas processing plant. At a cost of $77 thousand, this is expected to sustain production during 2024 ahead of the SS-7 intervention.

With the emergence of longer-term high levels of gas demand, the Company's short-term 2024 forecast capital expenditure remains at approximately $21.6 million.

Long-term Receivables

	As at December 31	
$'000	**2023**	2022
VAT – Songas workovers	**–**	2,205
Lease deposit	**10**	10
	10	2,215

In 2017, based on agreement with TPDC, $12.3 million relating to the Songas share of workover costs of the SS-5 and SS-9 wells was transferred to the cost pool to recover the costs via the PSA cost recovery mechanism. This resulted in $2.2 million relating to VAT on the workovers that had already been paid being reclassified as a long-term receivable. In Q2 2023, Songas agreed to pay the Company $7.6 million as full and final settlement of their share of the workover costs of the SS-5 and SS-9 wells. Pursuant to the agreement with Songas, the originally issued invoices will not be settled, hence the recovery of the associated VAT of $2.2 million has been written off in 2023.

The following table details the amounts receivable from TANESCO that do not yet meet revenue recognition criteria and therefore are not recorded in the consolidated financial statements:

	As at December 31	
$'000	**2023**	2022
Total amounts invoiced to TANESCO	**89,809**	92,547
Trade receivable – TANESCO	**(5,851)**	(3,736)
Unrecognized amounts not meeting revenue recognition criteria[1]	**(61,940)**	(66,793)
Loss allowance	**(22,018)**	(22,018)
	–	–

1 The amount includes invoices for interest on late payments from TANESCO.

Long-term Loan

In 2015 PAET obtained the Loan from the IFC, a member of the World Bank Group, for $60.0 million. The Loan was fully drawn down in 2016.

The Loan is to be paid out through six semi-annual payments of $5.0 million starting October 15, 2022, for which the initial payment was paid by the Company subsequent to October 15, 2022, and one final payment of $25.2 million will be due on October 15, 2025. The Company may voluntarily prepay all or part of the Loan but must simultaneously pay any accrued base interest costs related to the principal amount being prepaid. The Loan is an unsecured subordinated obligation of PAET and was guaranteed by the Company to a maximum of $30.0 million. The guarantee may only be called upon by IFC at maturity in 2025 and, subject to IFC approval and receipt of all required regulatory approvals, the Company, at its discretion, may issue shares in fulfillment of all or part of its guarantee obligation in 2025. Pursuant to the sale of a non-controlling interest in PAEM, the parent company of PAET, in 2018, the Company agreed with the IFC to reduce the outstanding amount of the Loan by the percentage interest sold of 7.933% ($4.8 million) before the fourth anniversary of the first drawdown. PAET made this payment on October 16, 2019.

Dividends and distributions from PAET to PAEM are restricted at any time whenever amounts of interest, principal or participating interest are due and outstanding. All amounts under the Loan have been paid when due.

Management's Discussion & Analysis cont.

Outstanding Shares

The Class A Shares are convertible at any time at the option of the holder into Class B Shares on a one-for-one basis. Subject to the terms and conditions of conversion specified in the memorandum of association and articles of association of the Company, the Class B Shares are convertible into Class A Shares on a one-for-one basis if an offer is made to purchase Class A Shares that: (i) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Shares are listed, be made to all or substantially all of the holders of Class A Shares; and (ii) are not made concurrently with an offer to purchase Class B Shares that is identical to the offer to purchase Class A Shares and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Shares. The conversion right does not come into effect under certain events specified in the memorandum of association of the Company, including, without limitation, the prior delivery to the Company's transfer agent and to the Secretary of the Company of a certificate signed by one or more shareholders owning more than 50% of the then outstanding Class A Shares.

Pursuant to the normal course issuer bid commenced on June 21, 2021 ("2021 NCIB"), the Company repurchased and cancelled a total of 60,900 Class B Shares at an average price per Class B Share of CDN$5.18 as of June 30, 2022. Pursuant to the normal course issuer bid commenced on July 11, 2022 ("2022 NCIB"), the Company had repurchased and cancelled a total of 81,000 Class B Shares at a weighted average price of CDN$4.89 as of December 31, 2023.

On November 1, 2023 the Company announced the 2023 NCIB to commence on November 6, 2023 to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. As at December 31, 2023 the Company has repurchased for cancellation 40,900 Class B Shares at a weighted average price of CDN$4.59 pursuant to the 2023 NCIB. As at April 4, 2024 the Company had repurchased 40,900 Class B Shares at a weighted average price of CDN$ 4.59 pursuant to the 2023 NCIB. 1,749,895 Class A Shares and 18,051,414 Class B Shares were outstanding as at December 31, 2023; 1,749,895 Class A Shares and 18,051,414 Class B Shares were outstanding as at April 4, 2024. See "Substantial Issuer Bid, Normal Course Issuer Bid and Dividends" in this MD&A.

Cash Flow Summary

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Operating activities				
Net (loss)/income	**(438)**	3,014	**7,014**	30,280
Non-cash adjustments	**16,194**	15,018	**48,619**	42,342
Interest expense	**1,803**	2,430	**7,834**	8,637
Changes in non-cash working capital[1]	**(7,701)**	(5,024)	**(14,982)**	(13,599)
Net cash flows from operating activities	**9,858**	15,438	**48,485**	67,660
Net cash used in investing activities	**(2,209)**	(4,082)	**(8,794)**	(25,731)
Net cash used in financing activities	**(7,905)**	(8,136)	**(31,738)**	(18,690)
(Decrease) increase in cash	**(256)**	3,220	**7,953**	23,239

1 See Consolidated Statements of Cash Flows.

Net income decreased by 77% for the year ended December 31, 2023 over the comparable prior year period, primarily as a result of the decreased revenue, increased depletion expense, including a one-time accelerated depletion charge in Q4 2023 with respect to costs previously incurred in relation to the 3D seismic acquisition and processing program, and higher net foreign exchange loss. The Company's net cash flows from operating activities decreased by 36% for Q4 2023 and by 28% for the year ended December 31, 2023 over the comparable prior year periods, primarily as a result of decreased revenue. In addition, the decrease of the Company's net cash flows from operating activities for the year ended December 31, 2023 over the comparable prior year period was a result of a reversal of $5.6 million loss allowance relating to the amounts collected from TANESCO during Q3 2022. The decrease in net cash used in investing activities for Q4 2023 and for the year ended December 31, 2023 over the comparable prior year periods were mainly a result of higher expenditure in 2022 in relation to the well workover program. The increase in net cash used in financing activities for the year ended December 31, 2023 over the comparable prior year period was mainly an outcome of the purchase of the non-controlling interest shareholding in Q3 2023.

Related Party Transactions

The Chair of the Company's Board of Directors is a partner of Burnet, Duckworth & Palmer LLP, a law firm that provides legal advice to the Company and its subsidiaries. Fees for services provided by this firm totaled $0.3 million for the quarter ended December 31, 2023 (Q4 2022: $0.1 million) and $0.8 million for the year ended December 31, 2023 (year ended December 31, 2022: $0.5 million).

As at December 31, 2023, the Company had a total of $0.6 million (December 31, 2022: $0.1 million) recorded in trade and other liabilities in relation to related parties.

Normal Course Issuer Bid and Dividends

On June 21, 2021, the Company commenced the 2021 NCIB to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. Purchases pursuant to the 2021 NCIB were made by Research Capital Corporation ("Research Capital") on behalf of the Company and were not to exceed 500,000 Class B Shares, representing approximately 2.74% of the total outstanding Class B Shares. The 2021 NCIB was in effect until June 21, 2022. An aggregate of 60,900 Class B Shares were repurchased by the Company pursuant to the 2021 NCIB at an average price per Class B Share of CDN$5.18.

On July 5, 2022 the Company announced the 2022 NCIB to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. Purchases pursuant to the 2022 NCIB were made by Research Capital on behalf of the Company and were not to exceed 500,000 Class B Shares, representing approximately 2.75% of the total outstanding Class B Shares as of July 4, 2022. The 2022 NCIB was in effect from July 11, 2022 until July 11, 2023. An aggregate of 81,000 Class B Shares were repurchased and cancelled by the Company pursuant to the 2022 NCIB at a weighted average price per Class B Shares of CDN$4.89.

On November 1, 2023 the Company announced the 2023 NCIB to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. Purchases pursuant to the 2023 NCIB will be made by Research Capital on behalf of the Company and will not exceed 500,000 Class B Shares, representing approximately 2.76% of the total outstanding Class B Shares as of October 31, 2023. The 2023 NCIB will be in effect from November 6, 2023 until November 5, 2024 (or until such time as the maximum number of Class B Shares have been purchased). Purchases of Class B Shares will be made by Research Capital based on the parameters prescribed by the TSXV and applicable securities laws. The acquisition price of Class B Shares under the 2023 NCIB will not exceed the market price of the Class B Shares at the time of acquisition and the funds available to acquire the Class B Shares will come from the Company's working capital and cash flow. All Class B Shares purchased under the 2023 NCIB will be cancelled. As at April 4, 2024, the Company has repurchased for cancellation 40,900 Class B Shares at a weighted average price of CDN$ 4.59 pursuant to the 2023 NCIB.

Shareholders may obtain a copy of the notice regarding the 2021 NCIB, 2022 NCIB and 2023 NCIB filed with the TSXV from the Company without charge.

Dividend Summary

Declaration date	Record date	Payment date	Amount per share (CDN$)
February 1, 2024	March 29, 2024	April 12, 2024	0.10
November 15, 2023	December 29, 2023	January 12, 2024	0.10
August 16, 2023	September 29, 2023	October 13, 2023	0.10
May 17, 2023	June 30, 2023	July 14, 2023	0.10
February 24, 2023	March 31, 2023	April 14, 2023	0.10

Consolidation

The companies which are being consolidated for the purposes of this MD&A are:

Subsidiary	Incorporated	Holding
Orca Energy Group Inc.	British Virgin Islands	Parent Company
Orca Exploration UK Services Limited	United Kingdom	100%
PAE PanAfrican Energy Corporation	Mauritius	100%
PanAfrican Energy Tanzania Limited	Jersey	100%

Management's Discussion & Analysis cont.

Non-Controlling Interest

The Company sold 7.933% (7,933 Class A common shares) of PAEM to a wholly owned subsidiary of Swala TZ, Swala UK, in 2018 for $15.4 million cash and $4.0 million of Swala TZ's Preference Shares pursuant to a share purchase agreement. The Preference Shares entitled the Company to a 10% per annum distribution payable 15 days after each quarter end commencing from the closing date, January 16, 2018. Payment of the quarterly distributions was at the discretion of Swala TZ based on funds available, however, the liability accrued if any amount was unpaid when due. For any distributable amount remaining unpaid at December 31, 2021, the Company may demand settlement and Swala TZ was obligated to comply by transferring and returning the Class A common shares of PAEM sold to Swala TZ. The aggregate value of these shares will equal the amount of the outstanding distributions.

Swala TZ was obligated to redeem 20% of the Preference Shares for cash annually starting from December 31, 2021 until all shares are redeemed. If at any time Swala TZ did not redeem in cash the required number of Preference Shares, Swala TZ was obligated to redeem the Preference Shares by transferring and returning the Class A common shares of PAEM sold to Swala TZ. The aggregate value of these Class A common shares is equal to the amount of any outstanding redemption. On August 8, 2022, the Company issued a redemption notice to Swala TZ, requesting that Swala TZ redeem 20% of the outstanding Preference Shares by August 23, 2022. On January 31, 2023 the Company issued a further redemption notice to Swala TZ, requesting that Swala TZ redeem a further 20% of the outstanding Preference Shares by February 15, 2023.

On April 3, 2023, Swala TZ announced that its creditors resolved that be placed into liquidation at a creditors' meeting held on March 31, 2023. On March 31, 2023, Apex Corporate Trustees (UK) Limited appointed representatives of Grant Thornton UK LLP as administrators of Swala UK. On July 21, 2023, the Company repurchased the 7.933% shares in PAEM held by Swala UK for $7.5 million and the non-controlling interest is therefore eliminated in 2023.

A reconciliation of the non-controlling interest is detailed below:

	As at December 31	
$'000	**2023**	2022
Balance, beginning of year	**5,670**	3,116
Net income attributable to non-controlling interest	**–**	2,554
Distribution to non-controlling interest shareholder	**(7,500)**	–
Elimination of non-controlling interest	**1,830**	–
Balance, end of year	**–**	5,670

Contingencies

Taxation

Amounts in $'millions					As at December 31 2023	2022
Area	Period	Reason for dispute	Principal	Interest and penalties	Total	Total
Income tax	2008-09, 2011-20	Deductibility of capital expenditures and expenses (2012, 2015 and 2016), additional income tax (2008, 2011 and 2012), foreign exchange rate application (2013 to 2015, 2018 to 2020), underestimation of tax due (2014, 2016 and 2020) and methodology of grossing up income taxes paid (2015 to 2017).	**20.8**	**13.3**	**34.1**[1]	34.2
Tax on repatriated income	2012-21	Applicability of withholding tax on repatriated income (2012 to 2021)	**20.4**	**4.0**	**24.4**[2]	24.9
VAT	2012-20	VAT already paid (2012 to 2014), VAT on imported services (2015 and 2016), interest on VAT decreasing adjustments (2017) and input VAT on services (2017 to 2020).	**0.2**	**1.3**	**1.5**[3]	1.6
			41.4	**18.6**	**60.0**	60.7

During 2022, following the expiry of the statutory deadline for the TRA to respond to the Company's objections, the Company filed notices of intention to appeal to the Tanzania Revenue Appeals Board ("TRAB") against the corporate income tax assessments for the years of 2012 to 2016, tax on repatriated income for the years of 2012 to 2014, and VAT for the years of 2015 to 2016. On several occasions during 2022 these matters came for hearing, and in April 2023, the Company received determination letters from the TRA. Further to that, in May 2023, the TRA issued final corporate income tax assessments for the years of 2012 to 2016, in which the TRA agreed to drop certain claims with respect to previously assessed corporate income tax for the years of income of 2012 and 2016. These claims are no longer represented in the table above.

On May 15, 2023, the Company filed statements of appeal at the TRAB for the remainder of claims on TRA's notice of assessments with respect to the corporate income tax assessments for the years of 2012 to 2016 and tax on repatriated income for the years of 2012 to 2014. The TRAB adjourned the hearings of appeals and the date of hearing is now on notice. The TRAB further received written submissions from both parties on the preliminary objection raised by the TRA against the Company's repatriated income tax appeals for the years of 2012 to 2014 and the parties are awaiting TRAB's decision.

On May 22, 2023, the TRAB pronounced its judgment on the VAT appeal for the years of 2015 and 2016 ($0.2 million) in favor of the Company. A written judgment is still pending. The TRA did not file a Notice of Intention to Appeal at Tax Revenue Appeals Tribunal ("TRAT") by the statutory filing deadline. The Company continues to monitor actions taken by the TRA.

In Q4 2022, the TRA issued seven assessments for tax on repatriated income ($10.6 million) for the years of 2015 to 2021. The Company objected to the assessments on the grounds of the assessments lacking merit; additionally, the assessments for the years of 2015 and 2016 were time-barred. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue final determination on the objections within the statutory time limit, the Company filed Notices of Intention at Appeal at the TRAB and later filed statements of appeal and is awaiting a hearing date.

In Q4 2022, the TRA issued six assessments for income tax and for ensuing interest on deemed delayed payments ($0.5 million) for the years of 2018 to 2020. The Company objected to the assessments on the grounds of incorrect disallowance of expenses and use of exchange rates. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed Notices of Intention at Appeal at the TRAB. In Q4 2023, the Company filed statements of appeal. On March 1, 2024 and March 19, 2024, the appeals came for hearing at the TRAB. Parties are expected to file closing submissions by April 9, 2024.

In Q3 2023, the TRAT pronounced its judgement on the corporate income tax appeal for the year 2011 ($1.6 million) in favour of the TRA. The Company filed a Notice of Intention to Appeal at the Court of Appeal of Tanzania ("CAT"). In Q4 2023, the Company filed a Memorandum of Appeal and is awaiting a hearing date. In Q4 2023, the Company recorded a provision of approximately $0.3 million.

In Q4 2022, the TRA issued an assessment for VAT ($0.1 million) for the years of 2019 and 2020. The Company objected to the assessment on the grounds that TRA incorrectly disallowed input VAT on certain services. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue final determination on the objections within the statutory time limit, the Company filed Notices of Intention at Appeal at the TRAB. In Q4 2023, the Company filed statements of appeal. On March 18, 2024 the Company filed its written submissions and the TRA is expected to file its reply by April 1, 2024.

Management's Discussion & Analysis cont.

Contingencies cont.

Taxation cont.

Management, with advice from its legal counsel, has reviewed the Company's position on the objections and appeals related to the disputed amounts and has concluded that no further provision is required. However, if the TRA reassesses the Company's tax returns for open taxation years on a similar basis, the Company may be required to make future deposits to object such assessments.

The process of appealing assessments issued by the TRA starts by initially filing an appeal with the TRA. If this is not successful, claims can be taken to higher authorities starting with the TRAB, followed by an appeal to the TRAT and finally to the CAT. Below is a summary of the status of the various assessments:

(1) (a) 2008 ($0.6 million): The Company objected to the TRA assessment that did not recognize a tax loss carried forward and is awaiting a response;

(b) 2009 ($0.7 million): The Company objected to an amended assessment from the TRA for being time-barred and arbitrary and is awaiting a TRA response;

(c) 2011 ($1.6 million): The Company is awaiting a CAT hearing date following the TRAT ruling in favor of the TRA;

(d) 2012 ($9.2 million): The Company appealed to the TRAB objecting to the TRA assessment with respect to understated revenue and deductibility of capital expenditures and expenses;

(e) 2013 ($1.9 million): The Company appealed to the TRAB objecting to the TRA assessment as being time-barred and without merit;

(f) 2014 ($4.9 million): The Company appealed to the TRAB objecting to the TRA assessment on the grounds that the TRA assessment incorrectly disallowed certain expenses and applied erroneous foreign exchange rates;

(g) 2015-16 ($8.1 million): The Company appealed to the TRAB as to TRA's assessments on the grounds that the TRA assessments failed to recognize provisional tax payments, incorrectly disallowed capital expenditures and certain expenses and applied erroneous foreign exchange rates;

(h) 2017 ($6.6 million): The TRA issued an assessment for corporation tax which questioned the Company's methodology of grossing up already paid corporation tax ($6.5 million) and raised the issue of imposing interest on deemed delayed payment ($0.1 million). The Company filed an objection and is awaiting the TRA's response;

(i) 2018 ($0.02 million): The Company appealed to the TRAB objecting to the TRA's assessment on the grounds that the TRA incorrectly disallowed certain expenses and applied erroneous foreign exchange rates;

(j) 2018-20 ($0.5 million): The Company appealed to the TRAB objecting to the TRA assessment on the grounds that the TRA incorrectly disallowed certain expenses and failed to recognise payments already made;

(2) (a) 2012 ($2.9 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB and is awaiting TRAB's decision;

(b) 2013 ($7.5 million): The Company objected to the TRA assessment as being time-barred and without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB and is awaiting TRAB's decision;

(c) 2014 ($3.4 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB and is awaiting TRAB's decision;

(e) 2015-21 ($10.6 million): The Company appealed to the TRAB objecting to the TRA assessments for the year of income of 2015 ($1.9 million), 2016 ($1.9 million), 2017 ($1.6 million), 2018 ($1.1 million), 2019 ($1.6 million), 2020 ($1.1 million) and 2021 ($1.4 million) for being without merit and is awaiting hearing dates;

(3) (a) 2012-16 ($0.2 million): The TRAB ruled in favor of the Company, parties are awaiting the written judgment. The TRA has not appealed the decision to the TRAT;

(b) 2017-18 ($1.2 million): The Company filed an objection to a TRA assessment and is awaiting a response. The Company objected to incorrect imposition of interest on VAT decreasing adjustments in respect of delayed TANESCO payment ($1.2 million) and disallowing input VAT claimed in certain services ($0.1 million);

(c) 2019-20 ($0.1 million): The Company appealed to the TRAB objecting to a TRA assessment on the grounds of incorrectly disallowing input VAT claimed.

In 2016 the TRA introduced significant changes in relation to the income tax treatment of the extractive sector with separate new chapters in Part V of the Income Tax Act 2004 ("ITA, 2004") for mining and for petroleum to be effective commencing in 2018. Further changes were subsequently made by the Written Laws (Miscellaneous Amendments) Act, 2017 ("WLMAA, 2017") and in particular section 36(a)(ii) of the WLMAA, 2017. The WLMAA, 2017 amended sections 65M and 65N of the ITA, 2004 to exclude cost oil/cost gas from inclusion in both income and expenditure. The Company continues to review the tax effects of the changes as there are a number of uncertainties and ambiguities as to the interpretation and application of certain provisions of the WLMAA, 2017. In the absence of guidance on these matters, the Company has used what it believes are reasonable interpretations and assumptions in applying the WLMAA, 2017 for purposes of determining its tax liabilities and the results of operations, which may change as it receives additional clarification and implementation guidance. The Company does not expect a significant impact from the changes as it is able to recover taxes payable from the TPDC Profit Gas revenue entitlement under the terms of the PSA.

Accounting Changes

The following pronouncements from the International Accounting Standards Board ("IASB") became effective or were amended for financial reporting periods beginning on or after January 1, 2023. There has been no impact on the Company.

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).

The following standards have been issued but are not yet effective:

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures
- Lack of Exchangeability (Amendments to IAS 21).

The Company intends to adopt these standards when they become effective and is currently evaluating the potential impact.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") for Orca. DC&P, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, are designed to provide reasonable assurance that information required to be disclosed in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities law and include controls and procedures designed to ensure that information required to be so disclosed is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The CEO and CFO of Orca evaluated the effectiveness of the design and operation of the Company's DC&P. Based on the evaluation, the officers concluded that Orca's DC&P were effective as at December 31, 2023.

Quarterly Results Summary

The following is a summary of key results for the Company for the last eight quarters:

Figures in $'000	2023				2022			
except where otherwise stated	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**24,448**	27,374	28,006	30,407	31,877	30,537	28,223	27,452
Net (loss)/income attributable to shareholders	**(438)**	256	3,282	3,914	2,325	11,443	6,567	7,391
Earnings/(loss) per share								
– basic and diluted ($)	**(0.02)**	0.01	0.17	0.19	0.12	0.57	0.33	0.37
Net cash flows from operating activities	**9,858**	14,995	16,160	7,472	15,438	19,544	28,601	4,077
Capital expenditures	**2,065**	2,928	1,405	1,705	3,615	1,222	3,306	14,263

Revenue increased in Q2 2022 as a result of increased sales to the power sector. Revenue increased in Q3 2022 as a result of increased sales to the power sector and a higher current income tax adjustment. Revenue increased in Q4 2022 as a result of a further increase in sales to both the industrial sector and the power sector and a higher current income tax adjustment. Revenue decreased in Q1 2023 as a result of a decrease in sales to the industrial sector. Revenue decreased in Q2 2023 as a result of a further decrease in sales to both the industrial sector and the power sector partially offset by a decreased TPDC share of revenue. Revenue decreased in Q3 2023 as a result of an increased TPDC share of revenue. Revenue decreased in Q4 2023 as a result of a decrease in sales to the industrial sector, an increase in TPDC share of revenue and a lower current income tax adjustment.

Management's Discussion & Analysis cont.

Quarterly Results Summary cont.

Net income attributable to shareholders was affected by several factors, other than changes in revenue, including:

- the decrease in Q2 2022 was a result of an increase in finance expense;
- the increase in Q3 2022 was a result of a collection of TANESCO arrears;
- the decrease in Q4 2022 was a result of no collection of TANESCO arrears compared to Q3 2022 and the impairment of the investment in Swala TZ in Q4 2022;
- the increase in Q1 2023 was a result of a higher deferred tax recovery;
- the decrease in Q2 2023 was a result of higher general and administrative and finance expenses;
- the decrease in Q3 2023 was a result of lower reversal of loss allowance for receivables, an expense in relation to the Long Term Retention Plan and a higher foreign exchange loss; and
- the increase in Q4 2023 was a result of higher foreign exchange in the previous quarter, partially offset by a higher depletion expense.

In addition to the factors impacting net income attributable to shareholders, net cash flows from operating activities were primarily affected by the timing and amount of payments received from TANESCO. The increase in Q2 2022 was a result of the payment of the current APT liability in the previous quarter and changes in non-cash working capital. The decrease in Q3 2022 was primarily a result of the changes in non-cash working capital, namely the decrease in accounts payable related to deferred income on take or pay contracts. The decreases in Q4 2022 and Q1 2023 were primarily a result of the changes in the non-cash working capital, namely the decreases in tax payable and trade and other payables. Similarly, the increase in Q2 2023 was primarily a result of the changes in the non-cash working capital, namely the decrease in trade and other receivables. The decrease in Q3 2023 was primarily a result of the changes in the non-cash working capital, namely the decrease in trade and other payables. The decrease in Q4 2023 was primarily a result of the changes in the non-cash working capital, namely the increase in trade and other receivables.

Capital expenditures in Q1 and Q2 2022 were mainly related to the well workover program. Capital expenditures in Q3 2022 were mainly related to the well workover program and the 3D seismic acquisition program. Capital expenditures in Q4 2022 and Q1, Q2 and Q3 2023 were mainly related to the 3D seismic acquisition program. Capital expenditures in Q4 2023 were mainly related to well planning activities.

Selected Annual Financial Information

Selected annual financial information derived from the audited consolidated financial statements for the years ended December 31, 2023, 2022 and 2021 is set out below:

Figures in $'000 except per share amount	**2023**	2022	2021
Revenue	**110,235**	118,089	86,022
Net income attributable to shareholders	**7,014**	27,726	16,370
Earnings – basic and diluted ($ per share)	**0.35**	1.39	0.81
Cash dividends declared (CDN$ per Class A and B Shares)	**0.40**	0.40	0.40
Net cash flows from operating activities	**48,485**	67,660	40,110
Total non-current liabilities	**58,036**	81,378	95,744
Total assets	**215,431**	248,083	230,271

The 37% increase of revenue in 2022 compared to 2021 was primarily a result of increased sales to the power sector partially offset by a higher TPDC share of revenue as a result of increased gross field revenue. The 7% decrease of revenue in 2023 compared to 2022 was primarily a result of higher TPDC share of revenue as an outcome of decreased capital expenditures and lower Cost Gas revenue. This was partially offset by higher sales to the power sector.

The increase in net income attributable to shareholders in 2022 was a result of higher revenue and increased reversal of loss allowances related to the collection of TANESCO arrears. The decrease in net income attributable to shareholders in 2023 was a result of the decreased revenue, increased depletion expense and higher net foreign exchange loss.

In 2023, 2022 and 2021, the Company approved quarterly dividends, CDN$0.10 per share for Q1, Q2, Q3 and Q4. Please refer to the table in the Normal Course Issuer Bid and Dividends section of this MD&A.

The changes in net cash flows from operating activities are primarily related to the changes in non-cash working capital primarily associated with variations in prepayments, trade and other receivables and trade and other liabilities.

The $14.4 million decrease in total non-current liabilities in 2022 compared to 2021 and the $23.3 million decrease in total non-current liabilities in 2023 compared to 2022 were primarily a result of the payment of a portion of the APT and the repayment of the Loan.

Total assets increased by 8% in 2022 compared to 2021. The increase was primarily a result of increases in cash and cash equivalents and trade and other receivables. Total assets decreased by 13% in 2023 compared to 2022 mainly as a result of depletion of capital assets including one time accelerated depletion of costs related to the 3D seismic acquisition and processing program.

Non-GAAP Financial Measures and Ratios

In this MD&A, the Company has disclosed the following non-GAAP financial measures, non-GAAP ratios and supplementary financial measures: capital expenditures, operating netback, operating netback per mcf, working capital, net cash flows from operating activities per share and weighted average Class A and Class B Shares.

These non-GAAP financial measures and ratios disclosed in this MD&A do not have any standardized meaning under International Financial Reporting Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. These non-GAAP financial measures and ratios should not, therefore, be considered in isolation or as a substitute for, or superior to, measures and ratios of Company's financial performance defined or determined in accordance with IFRS. These non-GAAP financial measures and ratios are calculated on a consistent basis from period to period.

Non-GAAP Financial Measures

Capital Expenditures

Capital expenditures is a useful measure as it provides an indication of our investment activities. The most directly comparable financial measure is net cash from (used in) investing activities. A reconciliation to the most directly comparable financial measure is as follows:

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Pipelines, well workovers and infrastructure	**2,067**	3,604	**7,984**	22,125
Other capital expenditures	**(2)**	11	**119**	281
Capital expenditures	**2,065**	3,615	**8,103**	22,406
Right of use	**852**	–	**852**	51
Change in non-cash working capital	**(708)**	467	**(161)**	3,274
Net cash used by investing activities	**2,209**	4,082	**8,794**	25,731

Operating Netback

Operating netback is calculated as revenue less processing and transportation tariffs, TPDC's revenue share, and operating and distribution costs. The operating netback summarizes all costs that are associated with bringing the gas from the Songo Songo gas field to the market, and is a measure of profitability. A reconciliation to the most directly comparable financial measure is as follows:

	Three Months ended December 31		Year ended December 31	
$'000	**2023**	2022	**2023**	2022
Revenue	**24,448**	31,877	**110,235**	118,089
Production, distribution and transportation expenses	**(4,576)**	(4,799)	**(19,197)**	(18,011)
Net production revenue	**19,872**	27,078	**91,038**	100,078
Less current income tax adjustment (recorded in revenue)	**(2,896)**	(5,783)	**(16,527)**	(17,105)
Operating netback	**16,976**	21,295	**74,511**	82,973
Sales volumes MMcf	**7,435**	8,786	**31,256**	31,677
Netback $/mcf	**2.28**	2.42	**2.38**	2.62

Non-GAAP Ratios

Operating Netback per mcf

Operating netback per mcf represents the profit margin associated with the production and sale of Additional Gas and is calculated by taking the operating netback and dividing it by the volume of Additional Gas delivered and sold. This is a key measure as it demonstrates the profit generated from each unit of production.

Management's Discussion & Analysis cont.

Supplementary Financial Measures

Working Capital

Working capital is defined as current assets less current liabilities, as reported in the Company's Consolidated Statements of Financial Position. It is an important measure as it indicated the Company's ability to meet its financial obligations as they fall due.

Net Cash Flows from Operating Activities per Share

Net cash flows from operating activities per share is calculated as net cash flows from operating activities divided by the weighted average number of shares, similar to the calculation of earnings per share. Net cash flow from operations is an important measure as it indicates the cash generated from the operations that is available to fund ongoing capital commitments.

Weighted Average Class A and Class B Shares

In calculating the weighted average number of shares outstanding during any period, the Company takes the opening balance multiplied by the number of days until the balance changes. It then takes the new balance and multiplies that by the number of days until the next change, or until the period end. The resulting multiples of shares and days are then aggregated and the total is divided by the total number of days in the period.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reader is referred to Orca's December 31, 2023 audited consolidated financial statements for a description of estimates and judgments.

Business Risks

Industry and Business Conditions

Competition and Operational Risk

The natural gas industry is intensely competitive and the Company competes with other companies which possess greater technical and financial resources. Natural gas drilling and production operations are subject to all the risks typically associated with such operations, including but not limited to risks of fires, blowouts, spills, cratering and explosions, mechanical and equipment problems, uncontrolled flows or leaks of oil, well fluids, natural gas, brine, toxic gas or other pollutants or hazardous materials, marine hazards with respect to offshore operations, formations with abnormal pressures, adverse weather conditions, natural or man-made disasters, premature decline of reservoirs and invasion of water into producing formations.

Drilling wells is speculative and involves significant costs that may be more than estimated and may not result in any discoveries or additions to our future production or reserves. Operational activities have numerous inherent risks and our license area is located on an island, 25km offshore mainland Tanzania, and partially in shallow water. This generally increases the operating costs, chances of delay, planning time, technical challenges and risks associated with production activities. Our inability to access appropriate equipment and infrastructure in a timely manner may hinder our access to natural gas markets or delay our natural gas production.

The development of oil and natural gas projects, including the availability and cost of drilling rigs, equipment, supplies, personnel and oilfield services, is subject to delays and cost overruns. The Company may be affected by the inability to respond to changing technological developments and remain competitive. Slower economic growth rates may materially adversely impact our operating results and financial position. Any material inaccuracies in drilling costs, estimates or underlying assumptions will materially affect our business.

Russian-Ukraine Conflict

Russia's invasion of Ukraine in February 2022 has had wide-ranging consequences on the peace and stability of the region and the world economy. Certain countries have imposed strict financial and trade sanctions against Russia which may have far reaching effects on the global economy. Disruption of supplies of commodities from Russia had and may continue to have a significant impact on worldwide commodity prices. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain. Any negative impact on economic conditions and global markets from these developments could adversely affect our business, financial condition and liquidity. The conflict has not directly impacted the Company's operations except for as detailed in "Foreign Exchange" risks below. Nevertheless, the ongoing war induces greater uncertainties in global financial markets and supply chain systems which could lead to volatility in oil and gas prices, inflation rates, interest rates, financing costs, and shortage or delays for certain goods or services. The Company continues to assess its exposure.

Key Staff

Our performance and success are largely dependent on the ability, expertise, judgment and discretion of our management and the ability of our technical team to identify, discover, evaluate and develop reserves. We are dependent on members of our management and technical team that may not be easily replaced.

Business Risks cont.

Industry and Business Conditions cont.

Effects of Climate Change

Risks related to climate change may have an impact on the Company's operations and the Company may be subject to additional disclosure requirements in the future. The International Sustainability Standards Board issued an IFRS Sustainability Disclosure Standard with the objective to develop a global framework for environmental sustainability disclosure. In addition, the Canadian Securities Administrators also issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters which sets forth additional reporting requirements for Canadian reporting issuers. We continue to monitor developments on these reporting requirements and the impact they may have on the Company's financial position and results of operating activities in future periods.

The oil and natural gas industry is subject to varying environmental regulations and evolving views on climate change in each of the jurisdictions in which the Company may operate. Environmental regulations place restrictions and prohibitions on emissions of various substances produced concurrently with oil and natural gas and can impact the selection of drilling sites and facility locations, potentially resulting in increased capital expenditures.

The Company operates in Tanzania, where extreme hot weather, heavy rains and floods or other severe weather conditions may cause operational difficulties, including downtime and increased costs of maintenance and construction. Extreme weather conditions may also impact workovers of existing wells and drilling of new wells.

As of the date of this report, it is difficult to estimate the effect of the climate change-related legislations on our business or whether additional evolving climate change legislation, regulations or other measures will be adopted in Tanzania. There are uncertainties regarding timing and effects of the emerging climate change regulations, making it difficult to accurately determine the cost impacts and effects on the Company's operations.

Contractual

We operate in a litigious environment which could result in title or contractual disputes during the ordinary course of business. The inability of one or more third parties who contract with us to meet their obligations to us may adversely affect our financial results.

Marketability, Pricing and Contract Management

The marketability and price of natural gas which may be acquired, discovered or marketed by the Company will be affected by numerous factors beyond its control. The natural gas market in Tanzania is developing and there is currently limited access to infrastructure with which to serve potential new markets beyond that being constructed by the Company, Songas and TPDC. The ability of the Company to market any natural gas from current or future reserves in Tanzania may depend upon its ability to develop natural gas markets in Tanzania and the surrounding region, obtain access to the necessary infrastructure to process gas and to deliver sales gas volumes, including acquiring capacity on pipelines which deliver natural gas to commercial markets. In addition, the remaining period on the PSA, which will expire in October 2026, is presently a considerable constraint that may make new markets unlikely in the next two years.

Furthermore, in the near term, there is uncertainty with respect to the future allocation of Protected Gas volumes at the end of the Protected Gas regime on July 31, 2024 when the Gas Agreement expires with respect to Songas. The gas sales price of future deliveries of gas sold to Songas is not known at this stage.

In 2023, the PGSA with TANESCO, which was due to expire on June 30, 2023, was extended to a new expiry date of July 31, 2024. Discussions are now ongoing with TANESCO to extend the PGSA, between the Company, TPDC and TANESCO. TANESCO have confirmed their intent to extend to October 2026 however it is not known at this stage the timing for this. To mitigate these contract risks the Company continues to look to expand its industrial customer base.

The Company is also subject to market fluctuations in the prices of natural gas, uncertainties related to the delivery and proximity of its reserves to pipelines and processing facilities and extensive government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and gas and many other aspects of the oil and gas business. The prices that the Company receives for its natural gas affect the Company's revenue, profitability, access to capital and future growth rate. Historically, the oil and natural gas markets have been volatile and will likely continue to be volatile in the future. Oil prices have experienced significant and sustained declines in the past and may continue to be volatile in the future; though gas prices are less volatile, they may also be significantly affected in the longer run.

The natural gas prices the Company receives from its industrial customers fluctuate with the price of Heavy Fuel Oil against which most of the Company's industrial customer contracts are priced. Prices can also be affected by gas on gas competition from other producers in Tanzania. There have been significant onshore and offshore discoveries of gas in Tanzania over the last ten years and it is expected that the development of these discoveries will increase competition in the future. There is also scope for greater government intervention on gas prices as TPDC owns and operates the majority of the gas processing and pipeline infrastructure in Tanzania.

A substantial or extended decline in both global and local oil and natural gas prices may adversely affect our business, financial condition and results of operations. Localized competition with other gas producers and alternative power sources such as hydropower could adversely impact our financial results.

Cyber-attack

The oil and gas industry has become increasingly dependent on digital technologies to conduct day-to-day operations including certain exploration, development and production activities. For example, software programs are used to interpret seismic data, manage drilling rigs, conduct reservoir modeling and reserves estimation, and to process and record financial and operating data. A cyber incident could result in information theft, data corruption, operational disruption, and/or financial loss. There can be no assurance that we will not be the target of cyber-attacks in the future or suffer such losses related to any cyber-incident.

Management's Discussion & Analysis cont.

Business Risks cont.

Financial

Cost of Capital

Our long-term business plan requires substantial additional capital that we may be unable to fund out of working capital and cash flow generated from operations or raise on acceptable terms or at all in the future and which may in turn limit our ability to develop our appraisal, development and production activities. The Company's ability to meet its financing obligations or to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the Company's business performance. There can be no assurance that the Company would be successful in its efforts to meet its current commitments or arrange additional financing on terms satisfactory to the Company.

Collectability of Receivables

The Company evaluates the collectability of its receivables on the basis of payment history, frequency and predictability, as well as management's assessment of the customer's willingness and ability to pay. In the past, the Company has recorded loss allowances for receivables that did not meet the criteria for revenue recognition however no allowances have been recorded for the past three years relating to revenue.

Foreign Exchange

The Company operates internationally and is exposed to foreign exchange risk arising from currency fluctuations against the US dollar when transactions and recognized assets and liabilities of the Company are denominated in a currency that is not the US dollar functional currency. The main currencies to which the Company has an exposure are Tanzanian shillings, Euros, British pounds sterling, and Canadian dollars.

The majority of the expenditure associated with the operation of the gas distribution system is denominated in Tanzanian shillings. Whilst conversion of Tanzanian shillings into US dollars or Euros is unrestricted, the foreign exchange market for Tanzanian shillings is limited and not highly liquid, reducing the Company's ability to convert large amounts of Tanzanian shillings into US dollars or Euros at any given time. To mitigate the risk of Tanzanian shilling devaluation, the Company regularly converts Tanzanian shilling receipts into US dollars or Euros to the extent practicable. Capital stock, equity financing and any associated stock based compensation are denominated in Canadian dollars. The operational revenue and the majority of capital expenditures are denominated in US dollars. All Loan repayments are also denominated in US dollars.

The global growth slowdown and the impact of the war in Ukraine have seen an increasing decline in foreign exchange reserves due to inflationary pressures on imports in Tanzania and decreased foreign direct investment. This has given rise to decreased availability of US dollars and impaired the Company's ability to convert Tanzanian shillings to US dollars in 2023. The majority of the Company's revenue is collected in Tanzanian shillings and there is a risk that in the future the Company may not be able to convert Tanzanian shillings to US dollars as and when required. It is not known when the foreign exchange reserve deficiency in Tanzania may be remedied.

The following table illustrates cash and cash equivalents allocation between Tanzania and corporate locations:

Balances as at December 31, 2023

$'millions	Tanzanian shillings	Euros	US dollars	Other	Total
Cash and cash equivalents	41.1	10.1	48.4	2.0	101.6

Debt Financing

From time to time the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed in part or in whole with debt, which may temporarily increase the Company's debt levels above industry standards. PAET currently has a Loan that includes covenants that, among other things, restrict the incurrence of additional indebtedness, payment of dividends under certain conditions, granting of liens, mergers and sale of all or a substantial part of our business or license.

Foreign Operations and Concentration Risk

Asset Concentration

The Company's natural gas reserves are currently limited to one producing property, the Songo Songo gas field, and the productive potential from this field is limited. There is no assurance that the Company will have sufficient deliverability through the existing wells to provide Protected and Additional Gas volumes, and there may be significant capital expenditures associated with any remedial work, workovers, or new drilling required to achieve optimal deliverability. In addition, any difficulties relating to the operation or performance of the Songo Songo gas field would have a material adverse effect on the Company. A loss or material reduction in production capabilities will have a material adverse effect on the total production and funds flow from operating activities of the Company.

Access to Infrastructure

The Company is dependent upon access to the Songas Infrastructure and the GoT owned NNGI to deliver gas to customers. The Company operates the Songas Infrastructure however Songas is the owner of the facilities including the 12-inch subsea and the 16-inch surface pipeline systems which transport natural gas from Songo Songo Island to Dar es Salaam. There are agreements in place to allow the Company to process and transport gas, but there is no assurance that these rights could not be challenged or access curtailed. The inability to access infrastructure would materially impair the Company's ability to realize revenue from natural gas sales.

Business Risks cont.

Foreign Operations and Concentration Risk cont.

Reputational

Our Tanzanian operations are anticipated to be the sole source of the Company's near-term revenue earnings. Due to our asset concentration, the success of our operations is dependent on positive commercial relationships with a small number of organizations (including states and parastatal organizations) and certainty with respect to our rights and obligations arising from those relationships. Any damage to our reputation due to the actual or perceived occurrence of any number of events, such as environmental incidents, could negatively impact the Company. Reputation loss may result in negative publicity and diminished or adversarial stakeholder relationships, which could lead to increased challenges in developing and maintaining community relations, decreased investor confidence, and would likely impede our overall ability to advance our projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

Country Risk

The geographic location of the Songo Songo gas field offshore Tanzania exposes us to an increased risk of loss of revenue or curtailment of production as a result of factors generally associated with foreign operations or arising from factors specifically affecting the area in which we operate or may operate. Tanzania may be considered to be politically and/or economically unstable. Development and operational activities in Tanzania may require protracted negotiations with host governments, national oil companies and third parties, and are frequently subject to economic and political considerations, such as the risks of war, actions by terrorist or insurgent groups, expropriation, nationalization or emerging nationalization, renegotiation or nullification of existing contracts and production sharing agreements, taxation policies, foreign exchange restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favor or require the award of drilling and construction contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, if a dispute arises with foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts.

In Tanzania the state retains ownership of its minerals and consequently retains control of the exploration and production of hydrocarbon reserves. The GoT has historically been supportive of foreign investment in resource development projects in Tanzania however it has recently adopted a more conservative approach toward foreign involvement in the extractive sector, including the production, transmission, processing and marketing of natural gas. Factors such as changes in government, an increased nationalist sentiment and pressure to preserve development opportunities for local enterprises can result in legal and regulatory changes that can impact our ability to maintain our business operations.

Countries in Africa may lack the resources to effectively contain outbreaks of disease quickly. Such outbreaks if uncontained, may impact our ability to explore for natural gas, develop or produce our license areas by limiting access to qualified personnel, and increase costs associated with ensuring the safety and health of our personnel, restricting transportation of personnel, equipment, supplies and natural gas production to and from our areas of operation and diverting the time, attention and resources of government agencies which are necessary to conduct our operations. In addition, any losses we experience as a result of such outbreaks of disease which impact sales or delay production may not be covered by our insurance policies. If travel bans are implemented or extended to the countries in which we operate, or contractors or personnel refuse to travel to such locations, we could be adversely affected. If services are obtained, costs associated with those services could be significantly higher than planned which could have a material adverse effect on our business, results of operations, and future cash flow.

Corruption

Tanzania ranks 87 out of 180 on the 2023 Transparency International Corruption Perceptions Index (2022: 94 out of 180). Having assessed the Company's exposure to corruption in Tanzania, it has been concluded that the risks of the Company and/or its subsidiaries violating applicable laws prohibiting corrupt activities are mitigated or unlikely given the Company's controls relating to such risks and their effective operation. However, there is exposure to liabilities under anti-money laundering and/or anti-corruption laws, and any determination that we violated such laws could have a material adverse effect on our business. There can be no assurance that corruption may not indirectly affect or otherwise impair the Company's ability to operate in Tanzania and effectively pursue its business plan in that country.

Contractual, Regulatory and Legislation Risk

License extension

The principal asset of the Company is its indirect interest in the Songo Songo gas field under the PSA between PAET, TPDC and GoT. The PSA covers the production and marketing of natural gas from the Songo Songo gas field. The Company has the right to conduct petroleum operations on the Discovery Blocks, market and sell all Additional Gas produced and share the net revenue with TPDC for a term of the development license of 25 years, expiring in October 2026. Under the PSA, the Company may submit a request to TPDC for a license extension, and TPDC has a contractual obligation to seek an extension at PAET's request. TPDC is expected to make this application as reasonably requested by the Company but no later than 12 months before the day on which the license expires. Upon receipt of this application, the MoE will in consultation with the Petroleum Upstream Regulatory Authority ("PURA"), consider such request on its own merit and respond accordingly, subject to the licence holder not being in default and approval of the Tanzanian Cabinet.

During Q2 2023, the Company formally requested TPDC to initiate the process of extending the development license in accordance with the terms of the PSA. The Government Negotiating Committee held a preliminary meeting with the Company in March 2024 to discuss timing around negotiations. The Company continues to seek dialogue with TPDC and the MoE seeking to expedite license extension discussions and will maintain gas sale contract discipline going forward by operating in line with our gas supply agreements.

Management's Discussion & Analysis cont.

Business Risks cont.

Contractual, Regulatory and Legislation Risk cont.

Contracts and Regulations

The Company's operations are subject to regulation and control by the GoT (see "Principal Terms of the PSA and Related Agreements"). The Company has operated in Tanzania for a number of years and believes that it has had reasonably good relations with the current GoT. Under the principal agreements the Company has the right to market and sell Additional Gas provided that such sales do not jeopardize the priority right of Songas to sell or otherwise dispose of Protected Gas. There is a risk that Songas could exercise its contractual rights, which may curtail our ability to sell Additional Gas if there is insufficient natural gas available for the required volumes of Protected Gas. There can be no assurance that present or future administrations in Tanzania will honor all principal agreements which could materially adversely affect the Company's operations or future cash flows.

PSA operations are regulated by national and parastatal organizations including the energy regulators ("PURA"), the Energy and Water Utilities Regulatory Authority ("EWURA"), and TPDC). Under the terms of the Gas Agreement with the GoT, TPDC and Songas, the Company has the right to market and sell Additional Gas. The ARGA (as defined below) provided clarification of the Protected Gas volumes and removes all terms dealing with the security of the Protected Gas. The ARGA was initialed by all parties but remains unsigned as at the date of this report. In certain respects, the parties thereto are conducting themselves as though the ARGA is in effect. In 2017 the AGP2 (as defined below) was signed further delineating the rights of the Company to market and sell Additional Gas. If our relationships with these counterparties were to deteriorate, they might choose to exercise their contractual rights under our agreements differently and in a manner that is adverse to our interests. Management does not foresee a material risk with the conduct of the Company's business with an unsigned ARGA at this time (see "Principal Terms of the PSA and Related Agreements").

We have had, and continue to have, disagreements with TPDC and the GoT regarding certain of our rights and responsibilities under the PSA. Pursuant to the PSA, the Company plans for development and is required to submit annual work programs to TPDC for comment and subsequently to PURA who, under the Petroleum Act, 2015 ("Petroleum Act"), insist on the right to approve the budget. TPDC has also challenged our rights to cost recover a number of items under the PSA including the costs of our downstream operations; however, there are currently no disagreements that have risen to the level of a formal dispute.

There can be no assurance that all of these disagreements will be resolved in our favor or that future disagreements will not arise in Tanzania or with any host government and/or national oil companies in future projects elsewhere that may have a material adverse effect on our exploration or development activities, ability to operate, rights under our licenses and local laws or rights to monetize our interests.

Legislation

The GoT has passed several new laws in the past eight years impacting the Company's operation in Tanzania.

The National Energy Policy (2015) and the Petroleum Act, passed in 2015, provided regulatory framework over upstream, mid-stream and downstream gas activity. The Petroleum Act created PURA, a new regulator to oversee the upstream sectors, and conferred upon TPDC the status of "National Oil Company" as the sole aggregator of natural gas in the country. Article 260(3) of the Petroleum Act preserves the Company's pre-existing right with TPDC to market and sell Additional Gas together or independently on terms and conditions (including prices) negotiated with third party natural gas customers. There remain differences of opinion between the Company and TPDC on the effect of certain provisions within the Petroleum Act and their application to the Company.

On October 7, 2016, the GoT issued the Petroleum (Natural Gas Pricing) Regulation made under Sections 165 and 258(I) of the Petroleum Act, which may give rise to additional uncertainty. Changes resulting from this regulation could impact the Company's ability to set gas pricing and the introduction of regulated gas pricing could result in operations becoming uneconomical and anticipated revenues could be materially affected. While the PSA has been grandfathered under the Petroleum Act, we can provide no assurances that this situation will remain unchanged in the future.

On July 15, 2017 the GoT passed into law the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017, the WLMAA, 2017, and the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act, 2017 ("NWRCA"). The first and second of these acts are forward looking and only apply to agreements entered into on or after July 15, 2017. The GoT may argue that the NWRCA has retrospective effect in terms of its ability to renegotiate pre-existing contracts. On January 31, 2020, the government released the Natural Wealth and Resources Contracts (Review and Renegotiation of Unconscionable Terms) Regulations, 2020 which set out further guidance as to how contracts may be renegotiated. These acts contain new regulations including but not limited to regulations that all arbitration processes must be heard within Tanzania and potentially restrict the ability to move funds out of Tanzania.

In 2016, the TRA introduced significant changes to the income tax treatment of the extractive sector with separate new chapters in Part V of the ITA, 2004 for mining and for petroleum to be effective commencing in 2018. Subsequent to this, further changes were made by the WLMAA, 2017 to exclude cost oil/cost gas from inclusion in both income and expenditure. We are still evaluating the tax effects of the changes as there are a number of uncertainties and ambiguities as to the interpretation and application of certain provisions of the WLMAA, 2017 as there is an absence of regulations and guidance from TRA on the implementation of the changes. In the absence of guidance on these matters, we will continue to use what we believe are reasonable interpretations and assumptions in applying the WLMAA, 2017 for purposes of determining our tax liabilities and filing our tax returns, which interpretations and assumptions may change as we receive additional clarification and implementation guidance. As necessary, we will seek adjustments to the PSA to preserve our economic benefits. In addition, the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017 and the WLMAA 2017 restrict the ability of companies to repatriate funds out of Tanzania and it is possible that the GoT will seek to argue at some stage that these provisions apply to the Company even though the Company's contracts with the GoT permit the repatriation of funds out of Tanzania.

Business Risks cont.

Contractual, Regulatory and Legislation Risk cont.

Legislation cont.

Intervening policy and legislative changes such as those described above may conflict with our pre-existing rights under the PSA and other agreements, though it remains unclear how such legislative actions will be implemented and whether and to what extent they will impact us. We are unable to predict what legislation may be proposed that might affect our business or when any such proposals, if enacted, might become effective. Such changes could require increased capital and operating expenditure and could prevent or delay certain of our operations. If, for reasons beyond our control, we are unable to maintain compliance with any legislative changes, whether in the future or past, we may have to cease operations in certain locations.

Principal Terms of the PSA and Related Agreements

The principal terms of the PSA and related agreements are as follows:

Obligations and Restrictions

(a) The PSA covers two blocks within the Songo Songo gas field where there are gas reserves ("Discovery Blocks"). The Company has the right to conduct petroleum operations on the Discovery Blocks, market and sell all Additional Gas produced and share the net revenue with TPDC for a term of 25 years, expiring in October 2026.

(b) No sale of Additional Gas may be made from the Discovery Blocks if in the Company's reasonable judgment such sales would jeopardize the supply of Protected Gas. Any Additional Gas contracts entered into are subject to interruption. Songas has the right to request that the Company and TPDC obtain security reasonably acceptable to Songas prior to making any sales of Additional Gas from the Discovery Blocks to secure the Company's and TPDC's obligations in respect of Insufficiency (as defined in (c) below).

(c) "Insufficiency" occurs if there is insufficient gas from the Discovery Blocks to supply the Protected Gas requirements or if the gas is so expensive to develop that its cost exceeds the market price of alternative fuels at Ubungo.

Where there have been third party sales of Additional Gas by the Company and TPDC from the Discovery Blocks prior to the occurrence of the Insufficiency, the Company and TPDC shall be jointly liable for the Insufficiency and shall satisfy their related liability by either replacing the Indemnified Volume (as defined in (d) below) at the price for Protected Gas with natural gas from other sources; or by paying monetary damages equal to the difference between: (a) the market price for a quantity of alternative fuel that is appropriate for the five gas turbine electricity generators at Ubungo without significant modification together with the costs of any modification; and (b) the sum of the price for such volume of Protected Gas (at $0.55/MMbtu escalated) and the amount of transportation revenues previously credited by Songas to the state electricity utility, TANESCO, for the gas volumes.

(d) The "Indemnified Volume" means the lesser of the total volume of Additional Gas sales supplied from the Discovery Blocks prior to an Insufficiency and the Insufficiency Volume. "Insufficiency Volume" means the volume of natural gas determined by multiplying the average of the annual Protected Gas volumes for the three years prior to the Insufficiency by 110% and multiplied by the number of remaining years (initial term of 20 years) of the power purchase agreement entered into between Songas and TANESCO in relation to the five gas turbine electricity generators at Ubungo from the date of the Insufficiency.

Access and Development of Infrastructure

(e) The Company is able to utilize the Songas Infrastructure including the gas processing plant and main pipeline to Dar es Salaam. Access to the Songas Infrastructure is open and can be utilized by any third party that wishes to process or transport gas.

Revenue Sharing Terms and Taxation

(f) 75% of the gross field revenues derived from the Discovery Blocks, less processing and pipeline tariffs and direct sales taxes in any year ("field net revenue"), can be used to recover past costs incurred. Costs recovered out of field net revenue are termed "Cost Gas".

The Company pays and recovers costs of exploring, developing and operating the Additional Gas with two exceptions: (i) TPDC may recover reasonable market and market research costs as defined under the PSA; and (ii) TPDC has the right to elect to participate in the drilling of at least one well for Additional Gas in the Discovery Blocks for which there is a development program as detailed in an Additional Gas plan ("Additional Gas Plan") as submitted to the MoE, provided that TPDC may to elect to participate in a development program only once and TPDC pays a proportion of the costs of such development program by committing to pay between 5% and 20% of the total costs ("Specified Proportion"). If TPDC does notify the Company within 90 days of notice from the Company that the MoE has approved the Additional Gas Plan, then TPDC is deemed to have elected not to participate. If TPDC elects to participate, then it will be entitled to a ratable proportion of the Cost Gas and their profit share percentage increases by the Specified Proportion for that development program.

To date, TPDC has neither elected to back in within the prescribed notice period nor contributed any costs associated with backing in. The Company has therefore determined that to date there has been no working interest earned by TPDC. For the purpose of the reserves certification as at December 31, 2023, there are no planned drilling activities to the end of the license.

(g) The Company's long-term gas price to the power sector as set out in the ARGA between the GoT, TPDC and Songas and the PGSA is based on the price of gas at the wellhead. As at the date of this report, the ARGA remains an initialed agreement only and the parties are not in agreement with all the terms in the ARGA, however the parties are conducting themselves in terms of pricing as though the ARGA is in force.

In Q3 2017 the Company received approval of the Additional Gas Plan 2 ("AGP2") from the MoE to produce and sell increased volumes of Additional Gas. Currently the SS-10, SS-11 and SS-12 wells are connected to the NNGI and the SS-12 well started flowing gas through the NNGI in December 2018.

Management's Discussion & Analysis cont.

Principal Terms of the PSA and Related Agreements cont.

Revenue Sharing Terms and Taxation cont.

In May 2019 the Company and TPDC signed the LTGSA, initially for volumes up to 20 MMcfd which was increased subsequently to 30 MMcfd on a best endeavors basis. In 2020 the parties established a 12-month renewable agreement for the supply of volumes above 30MMcfd on an ad-hoc basis, allowing TPDC to meet fluctuating demand and compensate for shortfalls in production from their Madimba plant without being penalized due to a higher, fixed contractual limit and the subsequent take or pay penalties should the demand reduce again. The agreement has allowed the Company to supply volumes in excess of 50 MMcfd on occasion, increasing average sales volumes and revenues. In Q4 2023 the Company advised TPDC that the maximum daily quantity ("MDQ") would revert to the original and contractually agreed 20 MMcfd on the basis TPDC had not fulfilled its obligations under the 12-month renewable agreement.

(h) Profits on sales from the Proven Section ("Profit Gas") are shared between TPDC and the Company, the proportion of which is dependent on the average daily volumes of Additional Gas sold or cumulative production.

The Company receives a higher share of the field net revenue after cost recovery, based on the higher of the cumulative production or the average daily sales. The Profit Gas share available to the Company is a minimum of 25% and a maximum of 55%.

Average daily sales of Additional Gas MMcfd	Cumulative sales of Additional Gas Bcf	TPDC's share of Profit Gas %	Company's share of Profit Gas %
0 – 20	0 – 125	75	25
> 20 <= 30	> 125 <= 250	70	30
> 30 <= 40	> 250 <= 375	65	35
> 40 <= 50	> 375 <= 500	60	40
> 50	> 500	45	55

For Additional Gas produced outside of the Proven Section, the Company's Profit Gas share is 55%.

Where TPDC elects to participate in a development program, its profit share percentage increases by the Specified Proportion (for that development program) with a corresponding decrease in the Company's percentage share of Profit Gas.

The Company is liable for income tax in Tanzania. Where income tax is payable, the Company pays the tax and there is a corresponding deduction in the amount of the Profit Gas payable to TPDC.

(i) APT is payable when the Company recovers its costs out of Additional Gas revenues plus an annual operating return under the PSA of 25%, plus the percentage change in the PPI. The maximum APT rate is 55% of the Company's Profit Gas when costs have been recovered with an annual return of 35% plus PPI return. The PSA is, therefore, structured to encourage the Company to develop the market and the gas fields with the knowledge that the Profit Gas share can increase with larger daily gas sales and that the costs will be recovered with a 25% plus PPI annual return before APT becomes payable. APT can have a significant negative impact on project economics if only limited capital expenditure is incurred.

(j) Under the Operatorship Agreement between the Company and Songas, the Company is appointed to develop, produce and process Protected Gas and operate and maintain the Songas Infrastructure, including the staffing, procurement, capital improvements, contract maintenance, maintenance of books and records, preparation of reports, maintenance of permits, waste handling, liaison with the GoT and taking all necessary safety, health and environmental precautions, all in accordance with good oilfield practices. In return, the Company is paid or reimbursed by Songas so that it neither benefits nor suffers a loss as a result of its performance.

(k) In the event of loss arising from Songas' failure to perform, and the loss is not fully compensated by Songas or through insurance coverage, then the Company is liable to a performance and operational guarantee of $2.5 million when (i) the loss is caused by the gross negligence or willful misconduct of the Company, its subsidiaries or employees, and (ii) Songas has insufficient funds to cure the loss and operate the project.

Protected Gas

Under the terms of the Gas Agreement for the Songo Songo project, in the event that there is a shortfall/insufficiency in Protected Gas as a consequence of the sale of Additional Gas, the Company is liable to pay the difference between the price of Protected Gas ($0.55/MMbtu escalated) and the price of an alternative feedstock multiplied by the volumes of Protected Gas up to a maximum of the volume of Additional Gas sold (258 Bcf as at December 31, 2023). The Company did not have a shortfall during the reporting period and does not anticipate a shortfall arising during the term of the Protected Gas delivery obligation to the end of the current term in July 2024.

Principal Terms of the PSA and Related Agreements cont.

Re-Rating Agreement

In 2011 the Company, TPDC and Songas signed the Re-Rating Agreement which evidenced an increase to the gas processing capacity of the Songas Infrastructure to a maximum of 110 MMcfd. Under the terms of the Re-Rating Agreement, the Company paid additional compensation of $0.30/mcf for sales between 70 MMcfd and 90 MMcfd and $0.40/mcf for volumes above 90 MMcfd by issuing credit notes to TANESCO. This was in addition to the tariff of $0.59/mcf payable to Songas as set by the energy regulator, EWURA.

Although Songas notified the Company in 2014 that the Re-Rating Agreement was terminated, the parties have continued to produce, transport and sell gas volumes in line with the re-rated plant capacity. In May 2016 the Company notified TANESCO and Songas that the additional compensation for sales over 70 MMcfd would no longer be paid effective June 2016. The additional compensation was always intended to be temporary in nature until the expansion of the Songas Infrastructure, at which time Songas would apply to EWURA to obtain approval of a new tariff for the processing of volumes over 70 MMcfd. The PGSA provides for passing on to TANESCO any tariff charged to the Company should a new tariff be approved.

The parties to the Re-Rating Agreement are in the process of negotiating a replacement agreement which may address the additional compensation paid. In the interim, the processing capacity at the Songas Infrastructure remains unaltered and is fully available for utilization by the Company. This capacity is in addition to the capacity available within the NNGI.

Portfolio Gas Supply Agreement

In June 2011 the PGSA was signed (term to June 30, 2023) between TANESCO (as the buyer) and the Company (through its subsidiary PAET) and TPDC (collectively as the seller). TANESCO requested a change to the PGSA MDQ which PAET and TPDC approved effective January 29, 2018. In accordance with the PGSA, when calculating aggregate excess, extra and overtake gas through the supply period, the MDQ was reduced and the seller is now obligated, subject to infrastructure capacity, to sell a maximum of approximately 16 MMcfd (previously 26 MMcfd) for use in any of TANESCO's current power plants, except those operated by Songas at Ubungo. The PGSA, which was due to expire on June 30, 2023, was extended to a new expiry date of July 31, 2024. As part of the extension, the MDQ was increased from 16.0 MMcfd to 26.0 MMcfd. Under the agreement, the basic wellhead price of approximately $2.98/mcf increased to $3.04/mcf on July 1, 2018, to $3.10/mcf on July 1, 2019, $3.14/mcf on July 1, 2020, $3.20/mcf on July 1, 2021, $3.32/mcf on July 1, 2022 and $3.50/mcf on July 1, 2023. This agreement expires on July 31, 2024.

Long-term Gas Sales Agreement

On May 14, 2019 the Company and TPDC signed the LTGSA for an initial delivery of 20 MMcfd through the NNGI, at a price of $3.10/MMbtu as at January 1, 2019, (escalating 2% per annum) exclusive of any processing and transportation tariff associated with the NNGI. The LTGSA was amended on September 24, 2019 to increase the volumes supplied through the NNGI up to a MDQ of 30 MMcfd. In 2020 the parties established a 12-month renewable agreement for the supply of volumes above 30 MMcfd on an ad-hoc basis, allowing TPDC to meet fluctuating demand and compensate for shortfalls in production from their Madimba plant without being penalized due to a higher, fixed contractual limit and the subsequent take or pay penalties should the demand reduce again. The agreement has allowed the Company to supply volumes in excess of 50 MMcfd on occasion, increasing average sales volumes and revenues. In Q4 2023 the Company advised TPDC that the MDQ would revert to the original and contractually agreed 20 MMcfd on the basis TPDC had not fulfilled its obligations under the 12-month renewable agreement.

TPDC Back-in

TPDC has the rights under the PSA to "back in" to the Songo Songo field development and to convert this into a carried working interest in the PSA. The current terms of the PSA require TPDC to provide formal notice in a defined period and contribute a proportion of the costs of any development, sharing in the risks in return for an additional share of the gas. To date, TPDC has neither provided notice nor contributed any costs and the definition period has closed.

Management's Discussion & Analysis cont.

Forward-Looking Statements

This MD&A contains forward-looking statements or information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. All statements, other than statements of historical fact included in this MD&A, which address activities, events or developments that Orca expects or anticipates to occur in the future, are forward-looking statements. Forward-looking statements often contain terms such as may, will, should, anticipate, expect, continue, estimate, believe, project, forecast, plan, intend, target, outlook, focus, could and similar words suggesting future outcomes or statements regarding an outlook. More particularly, this MD&A contains, without limitation, forward looking statements pertaining to the following: the Company's expectations regarding the demand for gas supply to satisfy power demand; anticipated average gas sales, including Additional Gas sales for 2024 and average production guidance (Additional Gas) for 2024; ongoing negotiation of new commercial terms and discussion of requirements under the Gas Agreement with Songas and TPCPLC; assessment by the Company of the merits of the claim made by the seismic contractor and the timing of hearings; planned intervention in offshore well SS-7 including timing, project costs and the anticipated increased gas delivery; planned installation of a new common well inlet manifold and its anticipated timing, costs and effects; planned production logging program at various wells and its anticipated timing, costs and effects; implementation of a new work program at the Songas plant and forecasted production improvement as a result; the Company's expectation that all capital allocation decisions will be based upon prudent economic evaluations and returns; extension of the development license and the Company's expectation to continue to actively engage with the GoT to progress the license extension; maintenance of gas sale contract discipline by the Company in accordance with its gas supply agreements; anticipated award amount payable under the Long Term Retention Plan and achievement of its intended positive effects; continued accrual of participation interest until the specified date; the receipt of the payment of arrears from TANESCO; forecasts regarding future development capital spending and the anticipated source of funding; the timing and effective rate of the APT payable by the Company and credit to the cost pool; the Company's expectation that there will be no future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; continued work by the Company with the GoT on alternative development plan for longer term field development; expectations regarding the recovery of workover costs from Songas under the settlement agreement and receipt of such payments in Q1 2024; the Company's plans to purchase Class B Shares under the 2023 NCIB; availability of necessary regulatory approvals; the Company's debt and interest payments and capital expenditure forecasts; the Company's expectation that it will maintain adequate working capital to cover the Company's long-term and short-term obligations; the Company does not expect to incur any loses from debtors in 2024; all planned capital expenditures can be funded from cash flow generated by current operations; the Company's expectations that no circumstances will significantly impact the Company's cash flow or liquidity other than disclosed in this MD&A, as applicable; the Company's expectations that it will be able to convert Tanzanian shillings into US dollars during and after the current foreign exchange deficiency; continued work by the Company with the GoT on alternative development plan for longer term field development; the Company's debt and interest payments and capital expenditure forecasts; availability of necessary regulatory approvals; the Company's expectations regarding supply and demand of natural gas; the Company's expectation and evaluations on the timing and results of its position, objections and appeals to the decisions and assessments of the TRA and TRAB under "Contingencies – Taxation" in this MD&A, including the timing of the filing of closing submissions by the Company and the TRA; the Company's expectations regarding changes to its tax liabilities and the results of its operations as a result of amendments made to the ITA, 2004, the WLMAA, 2017 and the implementation of further legislation; and the Company accessing its exposure to the Russian/Ukraine conflict. In addition, statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be produced profitably in the future. The recovery and reserve estimates of the Company's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Although management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, access to resources and infrastructure, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies.

These forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, and many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by the Company, including, but not limited to: fluctuations in demand for natural gas and power supply in Tanzania; the Company's average gas sales including sale of Additional Gas and average production guidance (Additional Gas) are lower than anticipated; uncertainties involving the negotiation of new commercial terms under the Gas Agreement with Songas and TPCPLC and necessary requirements; risk that the Company may incur losses and legal expenses as a result of the claim brought forth by the seismic contractor; risk that the timing of the completion and anticipated benefits from the Company's various development programs in 2024 are different than expected; that not all capital allocation decisions will be based upon prudent economic evaluations and returns; inability to extend the development license and inability to maintain gas sale contract discipline; changes in the anticipated award amount payable under the Long Term Retention Plan and failure to achieve intended effects; accrual of participation interest is different than expected; failure to receive payments from TANESCO; changes to the timing and effective rate of the APT payable by the Company; changes to forecasts regarding future development capital spending and source of capital spending; risk of future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; occurrence of circumstance or events which significantly impact the Company's cash flow and liquidity and the Company's ability cover its long-term and short-term obligations or fund planned capital expenditures; occurrence of loses from debtors in 2024; prolonged foreign exchange reserves deficiency in Tanzania; inability to convert Tanzanian shillings into US dollars as and when required; discontinuation of work by the Company with the GoT on alternative development plan for longer term field development; changes to the Company's debt and interest payments and capital expenditure forecasts; failure to obtain necessary regulatory approvals; risk that the Company does not purchase the maximum number of Class B Shares or any Class B Shares under the 2023 NCIB; future TRA assessment and the risks surrounding the Company's ability to make future deposits to object future TRA's assessments that may arise; risk that the Company will not be successful in appealing claims or decisions made by the TRA or TRAB and may be required to pay additional taxes and penalties; risks regarding the uncertainty around evolution of Tanzanian legislation; risk of unanticipated effects regarding changes to the Company's tax liabilities and its operations as a result of amendments made to the ITA, 2004, the WLMAA, 2017, the implementation of further legislation and the Company's interpretation of the same; risk of a lack of access to Songas processing and transportation facilities; risk that the Company may be unable to complete additional field development to support the Songo Songo production profile through the life of the license; risks associated with the Company's ability to complete sales of Additional Gas; negative effect on the Company's rights

Forward-Looking Statements cont.

under the PSA and other agreements relating to its business in Tanzania as a result of recently enacted legislation, as well as the risk that such legislation will create additional costs and time connected with the Company's business in Tanzania; the impact of general economic conditions in the areas in which the Company operates; civil unrest; risk of pandemic; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations; impact of local content regulations and variances in the interpretation and enforcement of such regulations; increased competition; the lack of availability of qualified personnel or management; fluctuations in commodity prices, foreign exchange or interest rates; stock market volatility; competition for, among other things, capital, oil and gas field services and skilled personnel; failure to obtain required equipment for field development; effect of changes to the PSA on the Company as a result of the implementation of new government policies for the oil and gas industry; inaccuracy in reserve estimates; incorrect forecasts in production and growth potential of the Company's assets; inability to obtain required approvals of regulatory authorities; risks associated with negotiating with foreign governments; failure to successfully negotiate agreements; risk that the Company will not be able to fulfill its contractual obligations; risk that trade and other receivables may not be paid by the Company's customers when due; inability to satisfy debt conditions of financing; the risk that the Company's Tanzanian operations will not provide near term revenue earnings; and such additional risks listed under "Business Risks" in this report. In addition, there are risks and uncertainties associated with oil and gas operations, therefore the Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by these forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive.

Such forward-looking statements are based on certain assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances, including, but not limited to: increased demand for gas supply; the Company's average Additional Gas sales and average guidance (Additional Gas) are in line with forecasts; successful negotiation of the Gas Agreement; successful implementation of various development programs at the budgeted expenditures, including the planned intervention in the SS-7 well; all capital allocation decisions will be based upon prudent economic evaluations and returns; successful extension of the development license and maintenance of gas sale contract discipline on a go-forward basis pursuant to the Company's gas supply agreements; anticipated award amount payable under the Long Term Retention Plan and achievement of its intended positive effects; accrual of participation interest as expected; that the Company will receive payment of arrears from TANESCO; correct forecast on the timing and effective rate of the APT payable by the Company; that there will continue to be no restrictions on the movement of cash from Mauritius, Jersey or Tanzania; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and debt and interest obligations as needed; the Company does not incur any loses from debtors in 2024; absence of circumstances or events that significant impact the Company's cash flow and liquidity; the Company will continue to be able to convert Tanzanian shillings into US dollars; long term field development will be carried out as planned; continued work by the Company with the GoT on alternative development plan for longer term field development as anticipated; timing and amount of capital expenditures and source of funding are in line with forecasts; the Company's ability to obtain necessary regulatory approvals; the ability of the Company to complete the 2023 NCIB as planned; the anticipated supply and demand of natural gas are in line with the Company's expectations; accurate assessment by the Company of the merits of claims brought forward by the seismic contractor; accurate assessment by the Company of the merits of its appeal or claims before the TRA and TRAB regarding tax assessments and penalties and expectations in respect of submission and hearing timelines; the Company's interpretation and prediction of the effects regarding changes to the Company's tax liabilities and its operations as a result of amendments made to the ITA, 2004, the WLMAA, 2017 and the implementation of further legislation is accurate in all material respects; the Company's ability to obtain revenue earnings from its operations; access to customers and suppliers; availability of employees to carry out day-to-day operations, and other resources; that the Company will successfully negotiate agreements; receipt of required regulatory approvals; the ability of the Company to increase production as required to meet demand; infrastructure capacity; commodity prices will not deteriorate significantly; the ability of the Company to obtain equipment and services in a timely manner to carry out exploration, development and exploitation activities; availability of skilled labour; uninterrupted access to infrastructure; the impact of increasing competition; conditions in general economic and financial markets; effects of regulation by governmental agencies; that the Company's appeal of various tax assessments will be successful; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; the effect of any new environmental and climate change related regulations will not negatively impact the Company; the Company's ability to maintain strong commercial relationships with the GoT and other state and parastatal organizations; the current and future administration in Tanzania continues to honor the terms of the PSA and the Company's other principal agreements; and other matters.

The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Additional Information

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

Glossary

mcf	Thousand standard cubic feet
MMcf	Million standard cubic feet
Bcf	Billion standard cubic feet
MMcfd	Million standard cubic feet per day
MMbtu	Million British thermal units
1P	Proven reserves
2P	Proven and probable reserves
kWh	Kilowatt hour
MW	Megawatt
$	US dollars
CDN$	Canadian dollars

Management's Report to Shareholders

The accompanying consolidated financial statements of Orca Energy Group Inc. are the responsibility of management. The financial and operating information presented in this Annual Report is consistent with that shown in the consolidated financial statements.

The consolidated financial statements have been prepared by management, on behalf of the Board, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") appropriate in the circumstances.

Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements. An independent firm of Chartered Professional Accountants, as appointed by the shareholders, audited the consolidated financial statements in accordance with the Canadian Generally Accepted Auditing Standards to enable them to express an opinion on the fairness of the consolidated financial statements in accordance with IFRS as adopted by the IASB.

The Board of Directors carries out its responsibility for the financial reporting and internal controls of the Company principally through an Audit and Risk Committee. The committee has met with the independent auditors and management in order to determine if management has fulfilled its responsibilities in the preparation of the consolidated financial statements. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit and Risk Committee.

Jay Lyons
Chief Executive Officer
April 4, 2024

Lisa Mitchell
Chief Financial Officer
April 4, 2024

Independent Auditors' Report

To the Shareholders of Orca Energy Group Inc.

Opinion

We have audited the consolidated financial statements of Orca Energy Group Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

Hereinafter referred to as the "financial statements".

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. 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.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment and recognition of income tax provision related to positions taken in tax filings in Tanzania

Description of the matter

We draw your attention to note 3, note 4 (c), note 5(h), and note 21 to the financial statements.

The Entity operates in Tanzania where tax authorities may audit income tax filings and the resolution of such audits may span multiple years. Tax law in Tanzania is complex and often subject to changes and to varied interpretations; accordingly, the ultimate outcome with respect to positions taken on income tax filings may differ from the amounts recognized. The Entity has taken certain tax positions in its tax filings and these tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax impact may differ significantly from that estimated and recorded by management.

The Entity's assessment of whether it is probable that the position taken by the Entity will be accepted by tax authorities in Tanzania is a significant management judgment. The Entity will record a tax provision where management concludes it is probable the filing position taken by the Entity will not be accepted by the relevant taxing authority. At December 31, 2023, the Entity estimated that the total tax contingencies related to uncertain income tax filing positions with Tanzanian tax authorities is $60.0 million.

Why the matter is a key audit matter
We identified the assessment and recognition of income tax provision related to positions taken in tax filings in Tanzania as a key audit matter. This matter represented an area of significant risk of material misstatement. In addition, significant auditor judgment and specialized skills and knowledge were required to evaluate the Entity's assessment of the probability of the taxation authorities accepting the tax filing positions taken by the Entity.

How the matter was addressed in the audit
The primary procedures we performed to address this key audit matter included the following:

We involved income tax professionals in Canada and Tanzania with specialized skills and knowledge who assisted in evaluating the Entity's tax filing positions including interpretation of income tax legislation by:

- Developing an independent assessment of the Entity's tax filing positions based on their understanding and interpretation of tax laws in Tanzania and comparing it to the Entity's assessment
- Inspecting the Entity's correspondence with Tanzanian tax authorities and evaluating the implications of the matters raised by such authorities
- Inspecting evaluations and opinions provided by the Entity's tax advisors

We assessed whether it was probable that the tax filing positions taken by the Entity would be accepted by the Tanzanian tax authorities by obtaining legal enquiry letter responses from law firms engaged by the entity related to identified tax claims and contingencies.

Assessment of the impact of estimated proven natural gas reserves on depletion expense

Description of the matter
We draw attention to note 3, note 4 and note 13 to the financial statements. The Entity amortizes its costs associated with tangible natural gas assets using the unit of production method by reference to the ratio of production in the period to the related proven gas reserves, taking into account estimated forecasted future development costs necessary to bring those reserves into production. The Entity recorded depletion expense related to its tangible natural gas assets of $34.9 million for the year ended December 31, 2023.

The estimated proven gas reserves includes significant assumptions related to:

- Forecasted natural gas prices
- Forecasted production rates
- Forecasted operating costs
- Forecasted future development costs
- Forecasted cost recovery provisions and additional profit tax

The Entity engages independent petroleum engineers to evaluate the proven natural gas reserves and the related cash flows.

Why the matter is a key audit matter
We identified the assessment of the impact of estimated proven natural gas reserves on depletion expense as a key audit matter. Significant auditor judgement was required to evaluate the results of our audit procedures regarding the estimate of proven natural gas reserves.

How the matter was addressed in the audit
The primary procedures we performed to address this key audit matter include the following:

We assessed the depletion expense calculation for compliance with IFRS Accounting Standards.

With respect to the estimate of proven natural gas reserves:

- We evaluated the competence, capabilities and objectivity of the independent petroleum engineers engaged by the Entity
- We compared the 2023 actual production rates, operating costs, additional profit tax, and future development costs of the Entity to those estimates used in the prior year's estimate of proven natural gas reserves to assess the Entity's ability to accurately forecast
- We evaluated the appropriateness of forecasted natural gas prices, forecasted production rates, forecasted operating costs, forecasted cost recovery provisions and additional profit tax, and forecasted future development cost assumptions by comparing to 2023 actual results. We took into account changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the assumptions.

Independent Auditors' Report cont.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document entitled "Annual Report & Accounts 2023".

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the information, other than the financial statements and the auditor's report thereon, included in a document entitled "Annual Report & Accounts 2023" as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

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 Canadian generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Jason Grodziski.

Chartered Professional Accountants

Calgary, Canada
April 4, 2024

Consolidated Statements of Comprehensive Income

$'000	Note	Years ended December 31 2023	2022
Revenue	7	**110,235**	118,089
Production, distribution and transportation		**19,197**	18,011
Net production revenue		**91,038**	100,078
Operating expenses			
General and administrative		**17,892**	13,548
Stock based compensation expense/(recovery)	17	**6**	(120)
Depletion	13	**41,857**	29,174
Reversal of loss allowance	12	**(6,915)**	(6,715)
Finance income	9	**(1,888)**	(613)
Finance expense	9	**14,938**	10,210
Income before tax		**25,148**	54,594
Income tax expense – current	10	**16,133**	15,488
Income tax (recovery)/expense – deferred	10	**(6,161)**	1,213
Additional Profits Tax	11	**8,162**	7,613
Net income		**7,014**	30,280
Net income attributable to non-controlling interest	24	**–**	2,554
Net income attributable to shareholders		**7,014**	27,726
Foreign currency translation gain/(loss) from foreign operations		**288**	(95)
Comprehensive income		**7,302**	27,631
Net income attributable to shareholders per share *($)*			
Basic and diluted	18	**0.35**	1.39

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Financial Position

$'000	Note	As at December 31 2023	2022
ASSETS			
Current assets			
Cash and cash equivalents		**101,566**	96,321
Trade and other receivables	12	**32,837**	35,100
Prepayments		**1,637**	1,551
		136,040	132,972
Non-current assets			
Long-term receivables	15	**10**	2,215
Capital assets	13	**79,381**	112,896
		79,391	115,111
Total assets		**215,431**	248,083
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	14	**38,407**	43,192
Tax payable		**4,326**	5,081
Current portion of long-term loan	16	**10,000**	10,000
Current portion of Additional Profits Tax	11	**15,984**	13,146
		68,717	71,419
Non-current liabilities			
Deferred income taxes	10	**20,095**	26,256
Lease liabilities	13	**456**	13
Long-term loan	16	**29,961**	39,762
Additional Profits Tax	11	**7,524**	15,347
		58,036	81,378
Total liabilities		**126,753**	152,797
SHAREHOLDERS' EQUITY			
Capital stock	17	**47,067**	47,257
Accumulated other comprehensive income/(loss)		**16**	(272)
Accumulated income		**41,595**	42,631
Non-controlling interest	24	**–**	5,670
		88,678	95,286
Total equity and liabilities		**215,431**	248,083

See accompanying notes to the consolidated financial statements.

Nature of operations (Note 1); Contractual obligations (Note 20); Contingencies (Note 21); Subsequent events (Note 25). The consolidated financial statements were approved by the Board on April 4, 2024.

Consolidated Statements of Cash Flows

		Years ended December 31	
$'000	Note	**2023**	2022
OPERATING ACTIVITIES			
Net income		**7,014**	30,280
Adjustment for:			
Depletion and depreciation	13	**42,229**	29,528
Indirect tax	9	**1,273**	1,103
Stock based compensation expense/(recovery)	17	**6**	(120)
Deferred income tax (recovery)/expense	10	**(6,161)**	1,213
Additional Profits Tax	11	**8,162**	7,613
Loss allowance	12	**–**	3,240
Unrealized loss/(gain) on foreign exchange		**2,869**	(235)
Interest expense	9	**7,834**	8,637
Finance income		**241**	–
Change in non-cash operating working capital	23	**(14,982)**	(13,599)
Net cash flows from operating activities		**48,485**	67,660
INVESTING ACTIVITIES			
Capital expenditures	13	**(8,794)**	(25,731)
Net cash used in investing activities		**(8,794)**	(25,731)
FINANCING ACTIVITIES			
Lease payments	13	**(324)**	(312)
Normal course issuer bid	17	**(271)**	(298)
Long-term loan repayment	16	**(10,000)**	(5,000)
Loan interest paid	9	**(7,770)**	(6,904)
Dividends paid to shareholders	17	**(5,873)**	(6,176)
Purchase of minority interest in subsidiary	24	**(7,500)**	–
Net cash used in financing activities		**(31,738)**	(18,690)
Increase in cash		**7,953**	23,239
Cash and cash equivalents at the beginning of the year		**96,321**	72,985
Effect of change in foreign exchange on cash for the year		**(2,708)**	97
Cash and cash equivalents at the end of the year		**101,566**	96,321

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

$'000	Capital stock	Accumulated other comprehensive loss	Accumulated income	Non-controlling interest	Total
Note	*17*		*17*	*24*	
Balance as at December 31, 2022	47,257	(272)	42,631	5,670	95,286
Share repurchase	(190)	–	(81)	–	(271)
Dividends declared	–	–	(5,896)	–	(5,896)
Distribution to non-controlling interest shareholder	–	–	(1,830)	(5,670)	(7,500)
Foreign currency translation adjustment on foreign operations	–	288	(243)	–	45
Net income	–	–	7,014	–	7,014
Balance as at December 31, 2023	**47,067**	**16**	**41,595**	**–**	**88,678**

$'000	Capital stock	Accumulated other comprehensive loss	Accumulated income	Non-controlling interest	Total
Note	*17*		*17*	*24*	
Balance as at December 31, 2021	47,454	(177)	21,061	3,116	71,454
Share repurchase	(197)	–	(101)	–	(298)
Dividends declared	–	–	(6,055)	–	(6,055)
Foreign currency translation adjustment on foreign operations	–	(95)	–	–	(95)
Net income	–	–	27,726	2,554	30,280
Balance as at December 31, 2022	47,257	(272)	42,631	5,670	95,286

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

General Information

Orca Energy Group Inc. was incorporated on April 28, 2004 under the laws of the British Virgin Islands with its registered office located at Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands, VG110. The Company produces and sells natural gas to the power and industrial sectors in Tanzania. The Company maintains central management and control and has established tax residency in the United Kingdom.

The consolidated financial statements of the Company as at and for the year ended December 31, 2023 comprise accounts of the Company and its subsidiaries (collectively, the "Company" or "Orca Energy") and were authorized for issue in accordance with a resolution of the directors on April 4, 2024. The Company is controlled by Shaymar Limited who is the registered holder of 24.8% of the equity and controls 71.6% of the total votes of the Company. The shares are held in a trust that is independently managed for the beneficiaries.

1. Nature of Operations

The Company's principal operating asset is an interest held by a subsidiary, PanAfrican Energy Tanzania Limited ("PAET"), in a Production Sharing Agreement ("PSA") with the Tanzania Petroleum Development Corporation ("TPDC") and the Government of Tanzania ("GoT") in the United Republic of Tanzania. This PSA covers the production and marketing of certain gas from the Songo Songo Block offshore Tanzania.

The PSA defines gas in the Songo Songo field as "Protected Gas" and "Additional Gas". The "Protected Gas" is owned by TPDC and is sold under a 20-year gas agreement until July 2024 ("Gas Agreement") to Songas Limited ("Songas") and Tanzania Portland Cement PLC. Songas is the owner of the infrastructure that enables the gas to be delivered to Dar es Salaam, which includes a gas processing plant on Songo Songo Island ("Songas Infrastructure"). The Company operates the gas processing plant and field on a "no gain no loss" basis and receives no revenue for the Protected Gas delivered to Songas.

Under the PSA, the Company has the right to produce and market all gas in the Songo Songo Block in excess of the Protected Gas requirements ("Additional Gas") until the PSA expires in October 2026.

The Tanzania Electricity Supply Company Limited ("TANESCO") is a parastatal organization which is wholly-owned by the Government of Tanzania, with oversight by the Ministry of Energy ("MoE"). TANESCO is responsible for the majority of electricity generation, transmission and distribution throughout Tanzania. The Company and TPDC as joint sellers currently supply Additional Gas directly to TANESCO by way of a Portfolio Gas Supply Agreement ("PGSA") and indirectly through the supply of Protected Gas and Additional Gas to Songas. The Company also delivers gas to TPDC through a long-term gas sales agreement ("LTGSA") to the TPDC operated National Natural Gas Infrastructure ("NNGI") on Songo Songo Island where the natural gas is processed before being transported to Dar es Salaam for power and industrial use. The PGSA expires on July 31, 2024 and the LTGSA expires on October 10, 2026.

In addition to gas supplied to TPDC, Songas and TANESCO, the Company has developed and supplies an industrial gas market in the Dar es Salaam area.

During 2023, the Company formally requested TPDC to initiate the process of extending the development license in accordance with the terms of the PSA. The Company continues to seek dialogue with TPDC and the MoE seeking to expedite a license extension. However, there are currently no certainties on the timing, nature and extent of any such extensions. Until such extension has been finalized, a high degree of uncertainty exists with respect of the extent of the Company's operating activities subsequent to October 2026.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting. The consolidated financial statements are presented in US dollars ("$") unless otherwise stated.

Basis of Consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. The following companies have been consolidated within the Orca Energy financial statements:

Subsidiary	Registered	Holding	Functional currency
Orca Energy Group Inc.	British Virgin Islands	Parent Company	US dollar
Orca Exploration UK Services Limited	United Kingdom	100%	British pound
PAE PanAfrican Energy Corporation ("PAEM")	Mauritius	100%	US dollar
PanAfrican Energy Tanzania Limited	Jersey	100%	US dollar

2. Basis of Preparation cont.

Transactions Eliminated Upon Consolidation

Inter-company balances and transactions and any unrealized gains or losses arising from inter-company transactions are eliminated in preparing the consolidated financial statements.

Foreign Currency

i) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at period-end rates. Non-monetary items are translated at historic rates, unless such items are carried at market value, in which case they are translated using the exchange rates that existed when the values were determined. Any resulting exchange rate differences are recognized in earnings.

ii) Foreign Currency Translation

Foreign currency differences are recognized in comprehensive income and accumulated in the translation reserve. The assets and liabilities of these companies are translated into the functional currency at the period-end exchange rate. The income and expenses of the companies are translated into the functional currency at the average exchange rate for the period. Translation gains and losses are included in other comprehensive income.

Climate Change Regulations

Risks related to climate change may have an impact on the Company's operations and the Company may be subject to additional disclosure requirements in the future. The International Sustainability Standards Board issued an IFRS Sustainability Disclosure Standard with the objective to develop a global framework for environmental sustainability disclosure. In addition, the Canadian Securities Administrators also issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters which sets forth additional reporting requirements for Canadian reporting issuers. We continue to monitor developments on these reporting requirements and the impact they may have on the Company's financial position and results of operating activities in future periods.

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Capital Assets

i) Capital Assets

Capital assets comprises the Company's tangible natural gas assets, development wells, leasehold improvements, computer equipment, motor vehicles and fixtures and fittings carried at cost, right-of-use assets less any accumulated depletion, depreciation and accumulated impairment losses. Cost includes purchase price and construction costs for qualifying assets. Depletion of these assets commences when the assets are ready for their intended use. Only costs that are directly related to the discovery and development of specific oil and gas reserves are capitalized. The costs associated with tangible natural gas assets are amortized on a unit of production method based on commercial proven reserves, taking into account estimated forecasted future development costs necessary to bring those reserves to production. The calculation of the unit of production method by reference to the ratio of production in the period to the related proven gas reserves.

ii) Impairment of Property, Plant and Equipment

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment to determine if indicators of impairment exist. Individual assets are grouped together as a cash generating unit ("CGU") for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the CGU and are discounted to their present value with a pre-tax discount rate that reflects the current market indicators. The fair value less costs to sell is the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. Where an impairment loss subsequently reverses, the carrying amount of the asset CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the CGU in prior years. A reversal of an impairment loss is recognized in earnings.

Notes to the Consolidated Financial Statements cont.

3. Summary of Material Accounting Policies cont.

Operatorship

The Company operates the Songo Songo gas field, flowlines and gas processing plant. The Songas wells, flowlines and gas plant are operated by the Company on behalf of Songas on a "no gain no loss" basis. The cost of operating and maintaining the wells and flowlines is paid for by the Company and Songas in proportion to the respective volumes of Protected Gas and Additional Gas sales. The costs of operating and maintaining the wells and flowlines are reflected in the accounts to the extent that the costs were incurred to accomplish Additional Gas sales. The cost of operating the gas processing plant and pipeline to Dar es Salaam is paid by Songas. Costs incurred by the Company in connection with the operatorship of the Songas plant are recorded as receivables which are re-charged to Songas. Subsequent payments received from Songas are credited to receivables. When there are Additional Gas sales, a tariff is paid to Songas as compensation for using the gas processing plant and pipeline.

Employment Benefits

Long Term Retention Plan

In 2023, the Company approved the cash-based long-term retention award plan effective for the period from October 1, 2022 to September 30, 2026 ("Long Term Retention Plan") to encourage retention of its employees, promote employee performance to increase shareholder value over the four-year period, and align the Company's approach to compensation with the Company's strategy to continue and expand its operations in Tanzania. The total potential award amount payable to eligible participants is payable at an award payment date of September 30, 2026. This award amount is being recognized on a straight-line basis over the four-year period.

Asset Retirement Obligations

No provision has been made for future site restoration costs in Tanzania because the Company currently has no legal or contractual or constructive obligation under the PSA to restore the fields at the end of their commercial lives, should such occur within the term of the PSA. If an amendment to the PSA is agreed requiring the Company to restore the fields at the end of the commercial lives, a provision will be made for future site restoration costs.

Revenue Recognition, Production Sharing Agreements and Additional Profits Tax

Pursuant to the terms of the PSA, the Company has exclusive rights (i) to carry on Exploration Operations in the Songo Songo gas field; (ii) to carry on Development Operations in the Songo Songo gas field and (iii) jointly with TPDC, to sell or otherwise dispose of Additional Gas.

The Company recognizes revenue related to Additional Gas sales to all customers at specified delivery points at benchmark and contractual prices. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of natural gas occurs at the metering points at the inlet to the customer's facility. Under the terms of the PSA, the Company pays both its share and TPDC's share of operating, administrative and capital costs. The Company recovers all reasonably incurred operating, administrative and capital costs including TPDC's share of these costs from future revenues over several years ("Cost Gas"). TPDC's share of operating and administrative costs is recorded in operating and general and administrative costs when incurred and capital costs are recorded in capital assets. All recoveries are recorded as Cost Gas revenue in the year of recovery.

The Company has gas sales contracts under which the customers are required to take, or pay for, a minimum quantity of gas. In the event that a customer has paid for gas that was not delivered, the additional income received by the Company is carried on the balance sheet as deferred revenue. If the customer consumes volumes in excess of the minimum, it will be charged at the current rate, but may receive a credit for volumes paid but not delivered. At the end of each reporting period the Company reassesses the volumes for which the customer may receive credit; any remaining balance is credited to income.

In any given year, the Company is entitled to recover as Cost Gas up to 75% of the net revenue (gross revenue less processing and pipeline tariffs). Any net revenue in excess of the Cost Gas ("Profit Gas") is shared between the Company and TPDC in accordance with the terms of the PSA. Under the PSA the Profit Gas payable to TPDC is adjusted by the amount necessary to fully pay and discharge the Company's liability for taxes on income. Revenue represents the Company's share of Profit Gas and Cost Gas during the period.

The Company records revenues for sales to TANESCO based on the expected amount to be collected, which represents a percentage of the amounts invoiced to TANESCO determined by comparison of TANESCO's payment history to the amounts invoiced by the Company. Management believes this approach provides the best estimate of TANESCO's ability to pay and remain reasonably current; it also reflects the economic reality of the situation (see Notes 4 and 7).

3. Summary of Material Accounting Policies cont.

Revenue Recognition, Production Sharing Agreements and Royalties cont.

The estimated percentage used to recognize TANESCO revenue will be reviewed periodically as circumstances require. If there is a significant difference between the amount of revenue recorded and amounts received, the percentage used to record revenue as well as any existing receivable or deferred revenue balance will be revised accordingly. The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during 2023 and 2022. During 2023 the Company invoiced TANESCO $32.9 million (2022: $29.8 million) for gas deliveries and received $30.8 million (2022: $33.7 million) in payments. Based on the consistent payments from TANESCO, the Company: (i) recognized all amounts invoiced for gas deliveries in 2023 and 2022 as revenue; and (ii) recognized $ nil during the year (2022: $5.6 million) as a reversal of loss allowance relating to the amounts collected during the year that were applied towards the long-term TANESCO receivables previously allowed for. In addition, during 2023 TANESCO paid the Company $13.2 million against the 2020 and 2021 take or pay invoices (2022: $30.0 million paid against the 2017 and 2018 take or pay invoices). As of December 31, 2023, the Company had $5.9 million of TANESCO current receivables which was settled in Q1 2024.

The Company sells its natural gas to power customers (TANESCO, TPDC and Songas) and one industrial customer (a cement manufacturer) pursuant to fixed-price contracts. Sales to other industrial customers are at fixed-price discounts (subject to certain floors and ceilings) to the lowest alternative fuel source in Dar es Salaam, Heavy Fuel Oil ("HFO") and coal. Under all contracts, the Company is required to deliver volumes of natural gas to the contract counterparty. Natural gas revenue is recognized when the Company gives up control of the natural gas which occurs at metering points located at the inlets of customers' facilities. The amount of production revenue recognized is based on the agreed transaction price and the volumes delivered.

Additional Profits Tax

Under the terms of the PSA, in the event that all costs have been recovered with an annual return from the PSA of 25% plus the percentage change in the United States Industrial Goods Producer Price Index, an Additional Profits Tax ("APT") is payable to the Government of Tanzania. APT is provided for by forecasting the total APT payable in the future as a proportion of the forecast Profit Gas over the term of PSA license. The actual APT that will be paid is dependent on the achieved value of the Additional Gas sales and the quantum and timing of the operating costs and capital expenditure program.

The PSA states that APT shall be calculated for each year and shall vary with the real rate of return earned by the Company on the net cash flow from the Contract Area (as defined in the PSA). The calculation of APT includes a working capital adjustment reflecting the effect of the timing of actual receipt of amounts owing from TANESCO on net cash flow.

Income Taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to extent they relate to items recognized directly in equity, in which case the tax is recognized in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect to previous years. Where current income tax is payable, this is shown as a current tax liability. The amount of the current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of carrying amounts of assets and liabilities using tax rates substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available, against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Uncertainties over positions taken in income tax filings are evaluated on the basis of whether it is probable the position taken by the Company in the tax filing will be accepted upon examination by the relevant taxing authorities. These uncertainties impact the amount of income taxes recognized.

Notes to the Consolidated Financial Statements cont.

3. Summary of Material Accounting Policies cont.

Financial Instruments

All financial instruments are initially recognized at fair value on the Consolidated Statements of Financial Position. The Company has classified each financial instrument into one of the following categories: (i) fair value through the statement of comprehensive income (loss), (ii) loans and receivables, and (iii) other financial liabilities. Measurement in subsequent periods depends on the classification of the financial instrument as described below:

- Fair value through profit or loss: financial instruments under this classification include cash and cash equivalents and derivative assets and liabilities.
- Amortized cost: financial instruments under this classification include accounts receivable, investments in bonds, investments, accounts payable and accrued liabilities, dividends payable, finance lease obligations, and long-term debt.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial Instruments Classification and Measurement

The Company's financial instruments include trade and other receivables, long-term receivables, trade and other liabilities and long-term loan. The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the assets or liabilities that are not based on observable market data.

The fair value of trade and other receivables and trade and other liabilities approximate their carrying amount due to the short-term nature of those instruments. The fair value of long-term receivables also approximates their carrying amount.

The Company's long-term loan ("Loan") with the International Finance Corporation ("IFC") is classified as a Level 2 measurement. The Loan bears interest at a fixed rate which is close to the current market rates and accordingly the fair market value of the Loan approximates the carrying value.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with the original term to maturity of three months or less, which are convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value. The fair value of cash and cash equivalents approximates their carrying amount. There are no restrictions on the movement of funds out of Tanzania.

Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in earnings. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in earnings.

3. Summary of Material Accounting Policies cont.

Accounting Changes

The following IFRS Accounting Standards became effective or were amended for financial reporting periods beginning on or after January 1, 2023. There has been no impact on the Company.

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).

The following standards have been issued but are not yet effective:

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures
- Lack of Exchangeability (Amendments to IAS 21).

The Company intends to adopt these standards when they become effective and is currently evaluating the potential impact.

4. Use of Estimates and Judgments

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the accounts recognized in these consolidated financial statements.

Critical Judgments in Applying Accounting Policies:

A. Natural Gas Assets

The Company assesses its natural gas assets for impairment when events or circumstances indicate that the carrying amount of its assets may not be recoverable. If any indication of impairment exists, the Company performs an impairment test on the CGU, which is the lowest level at which there are identifiable cash flows. The carrying amount of the CGU is compared to its recoverable amount which is defined as the greater of its fair value less cost to sell and value in use and is subject to management estimates. These estimates include quantities of reserves and future production, future commodity pricing, development costs, operating costs, and discount rates. Any changes in these estimates may have an impact on the recoverable amount of the CGU.

B. Collectability of Receivables

The Company evaluates the collectability of its receivables on the basis of payment history, frequency and predictability, as well as management's assessment of the customer's willingness and ability to pay. Management performs impairment tests each period on the Company's current and long-term receivables.

C. Statutory Taxes

The Company operates in Tanzania where tax authorities may audit income tax filings and the resolution of such audits may span multiple years. Tax law in Tanzania is complex and often subject to changes and to varied interpretations; accordingly, the ultimate outcome with respect to positions taken on income tax filings may differ from the amounts recognized. The Company has taken certain tax positions in its tax filings and these tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax impact may differ significantly from that estimated and recorded by management.

The recognition or reversal of deferred tax assets requires judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain.

The Company's assessment of whether it is probable that the position taken by the Company will be accepted by tax authorities in Tanzania is a significant management judgment. The Company will record a tax provision where management concludes it is probable the filing position taken by the Company will not be accepted by the relevant taxing authority.

Notes to the Consolidated Financial Statements cont.

4. Use of Estimates and Judgments cont.

Key Sources of Estimation of Uncertainty

A. Reserves

There are numerous uncertainties inherent in estimating quantities of proved and probable reserves and cash flows to be derived therefrom, including many factors beyond the control of the Company. The reserves and estimated future net cash flow from the Company's properties have been evaluated by independent petroleum engineers. These evaluations include a number of significant assumptions relating to factors which includes forecasted natural gas prices, production rates, operating costs, future development costs and cost recovery provisions and additional profits tax. Other assumptions include transportation costs, TPDC "back-in" methodology and other Government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of the Company. To date, TPDC has neither elected to back in within the prescribed notice period nor contributed any costs associated with backing in.

Reserves are integral to the amount of depletion and impairment test.

B. Cost Recovery

The Company is able to recover reasonable costs incurred on the development of the Songo Songo project out of 75% of the gross field revenue less processing and pipeline tariffs ("field net revenue"). There are inherent uncertainties in estimating when costs have been recovered as these costs are subject to Government audit and under certain circumstances a potential reassessment after the lapse of a considerable period of time.

5. Risk Management

The Company, by its activities in oil and gas exploration, development and production, is exposed to the risk associated with the unpredictable nature of the financial markets as well as political risk associated with conducting operations in an emerging market. The Company seeks to manage its exposure to these risks wherever possible.

A. Foreign Exchange Risk

Foreign exchange risk arises when transactions and recognized assets and liabilities of the Company are denominated in a currency that is not the US dollar functional currency.

The Company operates internationally and is exposed to foreign exchange risk arising from currency exposures to US dollars. The main currencies to which the Company has an exposure are: Tanzanian shillings, British pounds sterling, Euros and Canadian dollars. As of December 31, 2023, $56.1 million of the total cash and cash equivalents of $101.6 million were held in Tanzania. Of the $56.1 million, the equivalent of $41.1 million was denominated in Tanzanian shillings.

The majority of contracts with customers are based on US dollar prices for gas delivered, however the majority of invoices and sales receipts are paid in Tanzanian shillings. Invoices are priced and then converted to Tanzanian shillings at the time of invoicing, however payments are based on the US dollar invoiced amount translated to shillings at the time of payment. While conversion of Tanzanian shillings into US dollars is unrestricted, the foreign exchange market for Tanzanian shillings is limited and not highly liquid, reducing the Company's ability to convert large amounts of Tanzanian shillings into US dollars at any given time. To mitigate the risk of Tanzanian shilling devaluation, the Company regularly converts Tanzanian shilling receipts into US dollars and Euros to the extent available taking into consideration that the majority of operating expenditures are denominated in Tanzanian shillings. The availability of US dollars and Euros during the period has declined compared to prior periods.

The majority of capital expenditures are denominated in US dollars. Capital stock and equity financing are denominated in Canadian dollars. All Loan repayments are also denominated in US dollars. There is a risk that US dollars may not be available from conversion in country for future capital requirements and loan repayments.

There are no forward exchange rate contracts in place.

A 10% increase in the US dollar against the relevant foreign currency would result in an overall increase in working capital (defined as current assets less current liabilities) of $5.0 million from $67.3 million to $72.3 million and an increase in the income before tax from $25.1 million to $30.1 million.

The sensitivity includes only outstanding foreign currency denominated monetary items and adjusts their translation at period end for a 10% change in the foreign currency rates. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates.

5. Risk Management cont.

A. Foreign Exchange Risk cont.

The following balances are denominated in foreign currency (stated in US dollars at period end exchange rates):

Balances as at December 31, 2023

$'millions	Tanzanian shillings	Euros	Canadian dollars	British pounds	Total
Cash	41.1	10.1	1.7	0.4	53.3
Trade and other receivables	29.7	–	–	–	29.7
Trade and other liabilities	(30.2)	–	(2.1)	(0.3)	(32.6)
Net	40.6	10.1	(0.4)	0.1	50.4

B. Commodity Price Risk

The Company negotiated industrial gas sales contracts with gas prices which, subject to certain floors and ceilings, are determined as a discount to the lowest cost alternative fuels in Dar es Salaam, namely Heavy Fuel Oil ("HFO") and coal. The price of HFO is exposed to the volatility in the market price of crude oil.

C. Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has minimal exposure to interest rates as the Loan has a fixed interest rate, interest rates on short-term investments are fixed and interest received on cash balances is not significant.

D. Concentration Risk

All the Company's sales are currently made in Tanzania. The sales are made to the power sector and the industrial sector. In relation to sales to the power sector, the Company has a contract with Songas for the supply of gas to the Ubungo power plant, a contract with TANESCO to supply gas to some of the TANESCO power plants, and a contract with TPDC to supply gas through NNGI. The contracts with Songas, TANESCO and TPDC accounted for 61% of the Company's gross field revenue operating revenue during 2023 and $9.7 million of the short and long-term receivables at December 31, 2023.

E. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from TANESCO, Songas and TPDC. The carrying amount of accounts receivable and the long-term receivable represents the maximum credit exposure. As at December 31, 2023 and 2022, loss allowance exists against all of the long-term TANESCO receivable, gas plant operations receivables from Songas, and a receivable of $0.5 million from one industrial customer.

The Company manages the credit exposure related to cash and cash equivalents by selecting counterparties based on credit ratings and monitoring all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset backed commercial paper. The Company's cash resources are placed with reputable financial institutions with no history of default.

F. Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. Cash forecasts identifying liquidity requirements of the Company are produced on a regular basis. These are reviewed to ensure sufficient funds exist to finance the Company's current operational and investment cash flow requirements. At December 31, 2023 the Company has working capital, defined as total current assets less total current liabilities, of $67.3 million which is net of $68.7 million of financial liabilities with regards to trade and other liabilities of which $39.4 million is due within one to three months, $23.2 million is due within three to six months, and $6.1 million is due within six to twelve months (see Note 14).

At the end of the year approximately 25% of the current liabilities relate to TPDC (see Note 14). The amounts due to TPDC represent its share of Profit Gas. In accordance with the terms of the PSA, TPDC is entitled to the payment of its share of Profit Gas on a quarterly basis proportional to the cash receipts during the quarter. A substantial proportion of the TPDC liability is associated with the long-term TANESCO arrears and payments to TPDC are made when cash is received for the arrears.

COVID-19 reduced travel throughout the world. Tourism is a major source of revenue and foreign currency for Tanzania and the decrease in travel combined with global economic slowdown and the Ukraine war have seen an increasing decline in foreign exchange reserves in Tanzania. During 2023, it has been more difficult for the Company to convert Tanzanian shillings to US dollars in country, however, as at the date of this report, this has not significantly impacted PAET's ability to meet its US dollar liabilities or obligations. There is a risk that in the future the Company may not be able to convert Tanzanian shillings to US dollars or other hard currencies as and when required to attract capital. It is unknown how long this risk will continue.

Notes to the Consolidated Financial Statements cont.

5. Risk Management cont.

G. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to achieve an optimal capital structure to reduce the cost of capital.

H. Country Risk

The Company has unresolved disputes with TPDC related to Cost Gas revenue, TANESCO and Songas regarding unpaid invoices, and the Tanzanian Revenue Authority ("TRA") in relation to tax disputes (see Note 21). The Company continues to rely upon its rights under the existing PSA and has initiated notices of disputes as required under the PSA and by local tax regulations to resolve outstanding issues.

6. Segment Information

The Company has one reportable industry segment which is international exploration, development and production of petroleum and natural gas. During 2023 and 2022 the Company's producing assets were entirely located in Tanzania.

7. Revenue

	Years ended December 31	
$'000	**2023**	2022
Industrial sector	**43,694**	43,437
Power sector	**97,378**	95,388
Gross field revenue	**141,072**	138,825
TPDC share of revenue	**(47,364)**	(37,841)
Company operating revenue	**93,708**	100,984
Current income tax adjustment	**16,527**	17,105
	110,235	118,089

Throughout the term of the PGSA, there were periods of time when TANESCO did not pay the Company the full amounts invoiced for gas delivered under the contract. Due to the uncertainty in ultimate collection, the Company did not recognize 100% of the amounts invoiced for delivery during certain of these periods. The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during 2023 and 2022. During 2023 the Company invoiced TANESCO $32.9 million (2022: $29.8 million) for gas deliveries and received $30.8 million (2022: $33.7 million) in payments. These amounts are inclusive of value added tax ("VAT"). Based on the consistent payments from TANESCO, the Company: (i) recognized all amounts invoiced for gas deliveries in 2023 and 2022 as revenue; and (ii) recognized $ nil during the year (2022: $5.6 million) as a reversal of loss allowance relating to the amounts collected during the year that were applied towards the long-term TANESCO receivables previously allowed for. In addition, during 2023 TANESCO paid the Company $13.2 million against the 2020 and 2021 take or pay invoices (2022: $30 million paid against the 2017 and 2018 take or pay invoices). As of December 31, 2023, the Company had $5.9 million of TANESCO current receivables which was settled in Q1 2024. Subsequent to December 31, 2023 the Company has invoiced TANESCO $8.9 million for 2024 gas deliveries and TANESCO has paid the Company $10.6 million to date.

8. Personnel Expenses

	Years ended December 31	
$'000	**2023**	2022
Employee and related costs included in:		
Production, distribution and transportation	**3,137**	3,000
General and administrative	**8,644**	7,139
	11,781	10,139
Stock based compensation expense (recovery) (Note 17)	**6**	(120)
Long Term Retention Plan	**1,500**	-
	13,287	10,019

Personnel expenses include Company employees who operate the Songas facilities on behalf of Songas; these expenses are recharged to Songas.

9. Finance Income and Expense

Finance Income

	Years ended December 31	
$'000	**2023**	2022
Interest income	**1,888**	613

Finance Expense

	Years ended December 31	
$'000	**2023**	2022
Base interest expense	**4,850**	5,678
Participation interest expense	**2,970**	2,936
Lease interest expense	**14**	23
Interest expense	**7,834**	8,637
Net foreign exchange loss	**5,001**	470
Indirect tax	**1,273**	1,103
Trade and other receivables write off	**830**	-
	14,938	10,210

Base interest expense and participation interest expense relate to the Loan. Base interest on the Loan is payable quarterly in arrears at 10% per annum on a "pay-if-you-can-basis" using a formula to calculate the net cash available for such payments as at any given interest payment date. The participation interest expense is paid annually in arrears and equates to 6.4% of PAET's net cash flows from operating activities net of net cash flows used in investing activities for the year. Such participation interest will continue to accrue until October 15, 2026 regardless of whether the Loan is repaid prior to its contractual maturity date (see Note 16).

Net foreign exchange loss includes realized and unrealized revaluation gains and losses. The unrealized revaluation loss is mainly due to changes in the fair value of cash balances denominated in Tanzanian shillings. The indirect tax includes VAT on the invoices to TANESCO for interest on late payments. The trade and other receivables write off relates primarily to VAT on the invoices to TANESCO for interest on late payments.

Notes to the Consolidated Financial Statements cont.

10. Income Taxes

The tax charge is as follows:

	Years ended December 31	
$'000	**2023**	2022
Current income tax expense	**16,133**	15,488
Deferred income tax (recovery)/expense	**(6,161)**	1,213
	9,972	16,701

Tax of $1.9 million was paid during 2023 in relation to the settlement of the prior year's tax liability (2022: $0.7 million). Installment tax payments totaling $15.0 million were made in respect of 2023 (2022: $12.5 million). These are presented as a reduction in tax payable on the Consolidated Statements of Financial Position.

Tax Rate Reconciliation

	Years ended December 31	
$'000	**2023**	2022
Income before tax per Consolidated Statements of Comprehensive Income	**25,148**	54,594
Less Additional Profits Tax	**(8,162)**	(7,613)
Income before statutory tax	**16,986**	46,981
Provision for income tax calculated at the statutory rate of 30%	**5,096**	14,094
Effect on income tax of:		
Administrative and operating expenses	**1,485**	1,492
Foreign rate difference	**1,006**	1,022
Foreign exchange loss	**–**	1
Stock based compensation	**1**	(23)
TANESCO interest not recognized as interest income	**2,122**	1,839
Change in unrecognized tax asset	**(222)**	(2,714)
Changes in estimates	**484**	990
	9,972	16,701

As at December 31, 2023 the loss allowance for TANESCO had resulted in a $21.3 million unrecognized deferred tax asset (December 31, 2022: $19.2 million). If this debt is ultimately not recovered, the Company will also be entitled to a $12.8 million (2022: $13.5 million) refund of VAT. As at December 31, 2023, the Company has not recognized the benefit of unused trading loss carryforwards of $18.6 million (2022: $9.5 million), which do not expire, as it is not probable that future taxable profits will be available against which the benefit can be utilized.

In respect of each type of temporary difference the amounts of deferred tax assets/(liabilities) recognized in the consolidated balance sheet were as follows:

	As at December 31	
$'000	**2023**	2022
Differences between tax base and carrying value of property, plant and equipment	**(21,853)**	(31,740)
Tax recoverable from TPDC	**(6,808)**	(6,166)
Loss allowances	**353**	3,069
Additional Profits Tax	**7,108**	8,603
Unrealized exchange losses/other provisions	**1,105**	(22)
	(20,095)	(26,256)

11. Additional Profits Tax

Under the terms of the PSA, APT is payable when the Company has recovered its costs plus a specified return out of Cost Gas revenue and Profit Gas revenue. As a result: (i) no APT is payable until the Company recovers its costs out of Additional Gas revenues plus an annual operating return under the PSA of 25% plus the percentage change in the United States Industrial Goods Producer Price Index ("PPI"); and (ii) the maximum APT rate is 55% of the Company's Profit Gas when costs have been recovered with an annual return of 35% plus the percentage change in PPI.

The timing and the effective rate of APT depend on the realized value of Profit Gas which in turn depends on the level of expenditure. The Company provides for APT by annually forecasting the total APT payable in the future as a proportion of the forecast Profit Gas over the term of the PSA. The forecast takes into account the timing of future development capital spending. As at December 31, 2023 the current portion of APT payable was estimated at $16.0 million (December 31, 2022: $13.1 million) with a long-term APT payable of $7.5 million (December 31, 2022: $15.3 million).

The effective APT rate of 14.5% (2022: 16.8%) has been applied to the Company's share of Profit Gas revenue of $56.2 million for the year ended December 31, 2023 (2022: $45.4 million). Accordingly, $8.2 million for the year ended December 31, 2023 (2022: $7.6 million) of APT has been recorded in the Consolidated Statements of Comprehensive Income.

12. Current Trade and Other Receivables

	As at December 31	
$'000	**2023**	2022
Trade receivables		
Songas	**2,389**	2,511
TPDC	**3,841**	4,694
TANESCO	**5,851**	3,736
Industrial customers	**11,500**	11,072
Loss allowance	**(452)**	(452)
	23,129	21,561
Other receivables		
Songas gas plant operations	**3,127**	2,304
Songas well workover program	**2,630**	7,825
Other	**4,676**	4,135
Loss allowance	**(725)**	(725)
	9,708	13,539
	32,837	35,100

Trade Receivables Aged Analysis

	As at December 31, 2023				
$'000	Current	>30 <60	>60 <90	>90	Total
	22,191	**66**	**–**	**872**	**23,129**

	As at December 31, 2022				
$'000	Current	>30 <60	>60 <90	>90	Total
	19,263	529	–	1,769	21,561

Songas

As at December 31, 2023 Songas owed the Company $8.1 million (December 31, 2022: $12.6 million), while the Company owed Songas $3.0 million (December 31, 2022: $2.9 million). The amounts due to the Company are mainly for sales of gas of $2.4 million (December 31, 2022: $2.5 million), the well workover program of $2.6 million (December 31, 2022; $7.8 million) and for the operation of the gas plant of $3.1 million (December 31, 2022: $2.3 million) against which the Company has made a loss allowance of $0.7 million (December 31, 2022: $0.7 million). The amounts due to Songas primarily relate to pipeline tariff charges of $2.3 million (December 31, 2022: $2.4 million). The operation of the gas plant is conducted at cost and the charges are billed to Songas on a flow through basis.

Notes to the Consolidated Financial Statements cont.

12. Current Trade and Other Receivables cont.

TPDC

The current receivable from TPDC is for gas deliveries through the NNGI pursuant to the signing of the LTGSA. In accordance with the LTGSA, any unpaid, overdue amounts are offset against TPDC profit share.

Reversal of loss allowance

	Years ended December 31	
$'000	**2023**	2022
Reversal of loss allowance	**(6,915)**	(10,150)
Loss allowance	**–**	3,435
	(6,915)	(6,715)

The reversal of loss allowance in 2023 follows: (i) the recognition of $4.9 million resulting from agreement with Songas on a revision to the cost sharing in respect of the 2015-2016 workover of the SS-5 and SS-9 wells; and (ii) indirect taxation of $2.0 million relating to the 2020 and 2021 take or pay invoices to TANESCO that were paid in 2023.

The reversal of loss allowance in 2022 follows: (i) collection of TANESCO arrears of $5.6 million which represents the excess of receipts over gas sales invoiced during the year; and (ii) indirect taxation of $4.6 million related to the TANESCO 2017 and 2018 take or pay invoices that were paid in 2022.

The loss allowance in 2022 represents: (i) $3.2 million with respect to impairment of Swala Oil & Gas (Tanzania) plc ("Swala TZ") convertible preference shares ("Preference Shares") (see Note 24); and (ii) the net amount of $0.5 million previously allowed for in 2021 with respect to the dispute with the TRA on the issue of withholding tax on services performed outside Tanzania by non-resident persons in 2010 and 2015-16 and $0.7 million representing the settlement amount with respect to the above withholding tax dispute.

13. Capital Assets

$'000	Natural gas interests	Office and other	Right-of-use	Total
Costs				
As at December 31, 2022	290,001	3,189	1,135	294,325
Additions	7,984	119	852	8,955
Disposals	(958)	(202)	–	(1,160)
As at December 31, 2023	**297,027**	**3,106**	**1,987**	**302,120**
Accumulated depletion and depreciation				
As at December 31, 2022	177,541	2,971	917	181,429
Additions	41,857	120	252	42,229
Disposals	(717)	(202)	–	(919)
As at December 31, 2023	**218,681**	**2,889**	**1,169**	**222,739**
Net book values				
As at December 31, 2023	**78,346**	**217**	**818**	**79,381**

13. Capital Assets cont.

$'000	Natural gas interests	Office and other	Right-of-use	Total
Costs				
As at December 31, 2021	267,876	2,908	1,084	271,868
Additions	22,125	281	51	22,457
As at December 31, 2022	290,001	3,189	1,135	294,325
Accumulated depletion and depreciation				
As at December 31, 2021	148,367	2,901	633	151,901
Additions	29,174	70	284	29,528
As at December 31, 2022	177,541	2,971	917	181,429
Net book values				
As at December 31, 2022	112,460	218	218	112,896

In determining the depletion charge the Company takes into account an estimate of future development costs, the capital expenditure required to ensure the Company can produce the required gas volumes to meet its contractual obligations for the remaining life of the license. As at December 31, 2023 the estimated future development costs required to bring the total proved reserves to production were $16.6 million (December 31, 2022: $59.2 million). The decrease in estimated future development costs is a result of downward revision of the future cost estimates. During the year, the Company recorded total depletion expense of $41.9 million, of which $34.9 million related to unit of production depletion and $7.0 million related to accelerated depletion on engineering, acquisition, processing and associated costs related to the 3D seismic acquisition and processing program which will not be pursued in the foreseeable future.

During the year the Company recorded depreciation of $0.4 million (2022: $0.4 million) in general and administrative expenses.

Right-of-use assets

$'000	
As at December 31, 2022	218
Additions	852
Depreciation	(252)
As at December 31, 2023	**818**
As at December 31, 2021	451
Additions	51
Depreciation	(284)
As at December 31, 2022	218

Notes to the Consolidated Financial Statements cont.

13. Capital Assets cont.

Lease liabilities

$'000	
As at December 31, 2022	170
Additions	852
Lease interest expense	14
Lease payments	(324)
Lease foreign currency translation difference	5
As at December 31, 2023	**717**
As at December 31, 2021	408
Additions	51
Lease interest expense	23
Lease payments	(312)
As at December 31, 2022	170

Right-of-use assets are presented as part of capital assets on the Company's balance sheet. Of the total lease liability of $0.7 million (2022: $0.2 million), $0.2 million (2022: $0.2 million) is current and is presented in trade and other liabilities.

On November 1, 2023, the Company entered into two office rental agreements, for the office in Dar es Salaam, Tanzania, at an annual rent of $0.1 million. The agreements will expire in October 2026.

14. Trade and Other Liabilities

	As at December 31	
$'000	**2023**	2022
Songas	**2,981**	2,933
Other trade payables	**2,331**	2,738
Trade payables	**5,312**	5,671
TPDC Profit Gas entitlement, net	**17,199**	19,440
Deferred income – take or pay contracts	**1,144**	10,665
Accrued liabilities	**14,752**	7,416
	38,407	43,192

TPDC share of Profit Gas

	As at December 31	
$'000	**2023**	2022
TPDC share of Profit Gas	**26,075**	28,677
Less "Adjustment Factor"	**(8,876)**	(9,237)
TPDC share of Profit Gas entitlement	**17,199**	19,440

Under the PSA revenue sharing mechanism, the Company adjusts TPDC's Profit Gas share by the "Adjustment Factor". The Adjustment Factor is equal to the amount necessary to fully pay and discharge the PAET liability for taxes on income derived from petroleum operations. A significant percentage of the settlement of the $17.2 million liability to TPDC is dependent on receipt of payment from TANESCO for long-term arrears that have been fully allowed for.

15. Long-term Receivables

$'000	As at December 31	
	2023	2022
Amounts invoiced to TANESCO	**89,809**	92,547
Trade receivables – TANESCO	**(5,851)**	(3,736)
Unrecognized amounts not meeting revenue recognition criteria[1]	**(61,940)**	(66,793)
Loss allowance	**(22,018)**	(22,018)
Net TANESCO receivable	**–**	–
VAT – Songas workovers	**–**	2,205
Lease deposit	**10**	10
	10	2,215

1 The amount includes invoices for interest on late payments from TANESCO.

The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during 2023 and 2022. During 2022, the amounts received from TANESCO were in excess of the revenue recognized for gas sales to TANESCO and $5.6 million of cumulative excess cash receipts over sales invoiced were recorded in 2022, reducing the long-term arrears and allowing the reversal of the associated loss allowances.

In 2017, based on agreement with TPDC, $12.3 million relating to the Songas share of workover costs of the wells SS-5 and SS-9 was transferred to the Cost Pool (as defined herein) to recover the costs via the PSA cost recovery mechanism. This resulted in $2.2 million relating to VAT on the workovers that had already been paid being reclassified as a long-term receivable. In Q2 2023, Songas agreed to pay the Company $7.6 million as full and final settlement of their share of the workover costs of the SS-5 and SS-9 wells. Pursuant to the agreement with Songas, the originally issued invoices will not be settled, hence the recovery of the associated VAT of $2.2 million has been written off in Q2 2023. In Q3 and Q4 2023, the Company credited the PSA Cost Pool with the $7.6 million. As of December 31, 2023, $5.0 million of the amount was received from Songas; of the remaining outstanding amount of $2.6 million, $2.0 million has been received subsequent to December 31, 2024.

16. Long-term Loan

In 2015 PAET took out the Loan with the IFC, a member of the World Bank Group, for $60 million. The Loan was fully drawn down in 2016.

The Loan is to be paid out through six semi-annual payments of $5.0 million starting October 15, 2022 and one final payment of $25.2 million due on October 15, 2025. The Company may voluntarily prepay all or part of the Loan but must simultaneously pay any accrued base interest costs related to the principal amount being prepaid. The Loan is an unsecured subordinated obligation of PAET and was initially guaranteed by the Company to a maximum of $30.0 million. The guarantee may only be called upon by IFC at maturity in 2025 and, subject to IFC approval and receipt of all required regulatory approvals, the Company, at its discretion, may issue shares in fulfillment of all or part of its guarantee obligation in 2025. Pursuant to the sale of the non-controlling interest in PAEM, the parent company of PAET, in 2018, the Company agreed with the IFC to reduce the outstanding amount of the Loan by the percentage interest sold of 7.933% ($4.8 million) before the fourth anniversary of the first drawdown. PAET made this payment on October 16, 2019.

Dividends and distributions from PAET are restricted if at any time amounts of interest, principal or participating interest are due and outstanding. All amounts due under the Loan have been paid when due.

$'000	As at December 31	
	2023	2022
Loan principal	**40,240**	50,240
Financing costs	**(279)**	(478)
Current portion of long-term loan	**(10,000)**	(10,000)
	29,961	39,762

Notes to the Consolidated Financial Statements cont.

17. Capital Stock

Authorized

50,000,000	Class A common shares (“Class A Shares”)	No par value
100,000,000	Class B subordinate voting shares (“Class B Shares”)	No par value
100,000,000	First preference shares	No par value

The Class A and Class B Shares rank pari passu in respect of dividends and repayment of capital in the event of winding-up. Class A Shares carry twenty (20) votes per share and Class B Shares carry one (1) vote per share. The Class A Shares are convertible at the option of the holder at any time into Class B Shares on a one-for-one basis. The Class B Shares are convertible into Class A Shares on a one-for-one basis in the event that a take-over bid is made to purchase Class A Shares which must, by reason of a stock exchange or legal requirements, be made to all or substantially all of the holders of Class A Shares and which is not concurrently made to holders of Class B Shares.

Changes in the Capital Stock

	As at December 31					
	2023			2022		
Number of shares	**Authorized (000)**	**Issued (000)**	**Amount ($'000)**	Authorized (000)	Issued (000)	Amount ($'000)
Class A Shares	**50,000**	**1,750**	**983**	50,000	1,750	983
Class B Shares	**100,000**	**18,051**	**46,084**	100,000	18,126	46,274
First preference shares	**100,000**	**–**	**–**	100,000	–	–
Total	**250,000**	**19,801**	**47,067**	250,000	19,876	47,257

The normal course issuer bid announced on July 5, 2022 (“2022 NCIB”) was in effect from July 11, 2022 until July 11, 2023. During 2023 the Company repurchased and cancelled 33,800 Class B Shares at a weighted average price of CDN$4.92 per Class B Share under the 2022 NCIB. In total, the Company has repurchased and cancelled 81,000 Class B Shares at a weighted average price of CDN$4.89 per share pursuant to the 2022 NCIB.

On November 1, 2023 the Company announced a normal course issuer bid (“2023 NCIB”) to commence on November 6, 2023 to purchase Class B Shares through the facilities of the TSX Venture Exchange and alternative trading systems in Canada. As at December 31, 2023 the Company has repurchased for cancellation 40,900 Class B Shares at a weighted average price of CDN$4.59 pursuant to the 2023 NCIB. All issued capital stock is fully paid.

Changes in Stock Appreciation Rights

	2023		2022	
	SARs (000)	**Exercise price (CDN$)**	SARs (000)	Exercise price (CDN$)
Outstanding as at January 1	**14**	**5.02**	746	3.87 to 6.65
Exercised	**(14)**	**5.02**	(678)	3.87 to 5.32
Forfeited	**–**	**–**	(54)	6.65
Outstanding as at December 31	**–**	**–**	14	5.02

Change in Restrictive Stock Units

	2023		2022	
	RSUs (000)	**Exercise price (CDN$)**	RSUs (000)	Exercise price (CDN$)
Outstanding as at January 1	**3**	**0.01**	76	0.01
Exercised	**(3)**	**0.01**	(73)	0.01
Outstanding as at December 31	**–**	**–**	3	0.01

17. Capital Stock cont.

Dividend Summary

Declaration date	Record date	Payment date	Amount per share (CDN$)
February 1, 2024	March 29, 2024	April 12, 2024	0.10
November 15, 2023	December 29, 2023	January 12, 2024	0.10
August 16, 2023	September 29, 2023	October 13, 2023	0.10
May 17, 2023	June 30, 2023	July 14, 2023	0.10
February 24, 2023	March 31, 2023	April 14, 2023	0.10

18. Earnings Per Share

	As at December 31	
(000)	**2023**	2022
Outstanding shares		
Weighted average number of Class A and Class B Shares, basic	**19,841**	19,923
Weighted average number of Class A and Class B Shares, diluted	**19,841**	19,923

The calculation of basic earnings per share is based on a net income attributable to shareholders for the year of $7.0 million (2022: $27.7 million) and a weighted average number of Class A and Class B Shares outstanding during the period of 19,841,448 (2022: 19,923,039).

19. Related Party Transactions

The Chair of the Company's Board of Directors is a partner of Burnet, Duckworth & Palmer LLP, a law firm that provides legal advice to the Company and its subsidiaries. During the year ended December 31, 2023 fees for services provided by this firm totaled $0.8 million (2022: $0.5 million).

As at December 31, 2023 the Company had a total of $0.6 million (December 31, 2022: $0.1 million) recorded in trade and other liabilities in relation to related parties.

20. Contractual Obligations

Protected Gas

Under the terms of the Gas Agreement for the Songo Songo project, in the event that there is a shortfall/insufficiency in Protected Gas as a consequence of the sale of Additional Gas, the Company is liable to pay the difference between the price of Protected Gas ($0.55/MMbtu escalated) and the price of an alternative feedstock multiplied by the volumes of Protected Gas up to a maximum of the volume of Additional Gas sold which was 258 Bcf as at December 31, 2023 (December 31, 2022: 289 Bcf). The Company did not have a shortfall during the reporting period and does not anticipate a shortfall arising during the term of the Protected Gas delivery obligation to July 2024.

Terms of the Gas Agreement were modified by the Amended and Restated Gas Agreement ("ARGA") which was initialed by all parties but remains unsigned. In certain respects, the parties thereto are conducting themselves as though the ARGA is in effect. Management does not foresee a material risk with the conduct of the Company's business with an unsigned ARGA at this time.

Re-Rating Agreement

In 2011 the Company, TPDC and Songas signed a Re-Rating Agreement which evidenced an increase to the gas processing capacity of the Songas Infrastructure to a maximum of 110 MMcfd (the pipeline and delivery pressure requirements at the Ubungo power plant restrict the infrastructure capacity to a maximum of 102 MMcfd). Under the terms of the Re-Rating Agreement, the Company paid additional compensation of $0.30/mcf for sales between 70 MMcfd and 90 MMcfd and $0.40/mcf for volumes above 90 MMcfd by issuing credit notes to TANESCO. This was in addition to the tariff of $0.59/mcf payable to Songas as set by the energy regulator, EWURA.

Although Songas notified the Company in 2014 that the Re-Rating Agreement was terminated, the parties have continued to produce, transport and sell gas volumes in line with the re-rated plant capacity. In May 2016 the Company notified TANESCO and Songas that the additional compensation for sales over 70 MMcfd would no longer be paid effective June 2016. The additional compensation was always intended to be temporary in nature until the expansion of the Songas Infrastructure, at which time Songas would apply to EWURA to obtain approval of a new tariff for the processing of volumes over 70 MMcfd. The PGSA provides for passing on to TANESCO any tariff charged to the Company in the event that a new tariff is approved.

The parties to the Re-Rating Agreement are in the process of negotiating a replacement agreement which may address the additional compensation paid. In the interim, the processing capacity at the Songas Infrastructure remains unaltered and is fully available for utilization by the Company. This capacity is in addition to the capacity available within the NNGI.

Notes to the Consolidated Financial Statements cont.

20. Contractual Obligations cont.

Portfolio Gas Supply Agreement ("PGSA")

On June 17, 2011, the PGSA was signed (term to June 2023) between TANESCO (as the buyer) and the Company and TPDC (collectively as the seller). TANESCO requested a change to the PGSA maximum daily quantity ("MDQ") in accordance with clause 7.6(b) which PAET and TPDC approved effective January 29, 2018. In accordance with the PGSA, when calculating aggregate excess, extra and overtake gas through the supply period, the MDQ was reduced and the seller is now obligated, subject to infrastructure capacity, to sell a maximum of approximately 16 MMcfd (previously 26 MMcfd) for use in any of TANESCO's current power plants, except those operated by Songas at Ubungo. Previously under the PGSA any sales in excess of 36 MMcfd were subject to a 150% increase in the basic wellhead gas price. On December 22, 2018 a side letter amendment to the PGSA was agreed with TPDC to allow PGSA volumes up to a maximum monthly average volume of 35 MMcfd to temporarily flow through the NNGI. The temporary arrangement was terminated in September 2019 once the refrigeration unit became fully operational and all PGSA volumes were again processed through the Songas Infrastructure. In 2023, the PGSA, which was due to expire on June 30, 2023, was extended to a new expiry date of July 31, 2024. The Company has received confirmation from TANSECO that they wish to extend the PGSA post July 31, 2024.

Long-term Gas Sales Agreement ("LTGSA")

On May 14, 2019 the Company and TPDC signed the LTGSA for an initial delivery of 20 MMcfd through the NNGI, at a price of $3.10/MMbtu as at January 1, 2019 (escalating 2% per annum) exclusive of any processing and transportation tariff associated with the NNGI. The LTGSA was amended on September 24, 2019 to increase the volumes supplied through the NNGI up to a MDQ of 30 MMcfd. In 2020 parties established a 12-month renewable agreement for the supply of volumes above 30 MMcfd on an ad-hoc basis, allowing TPDC to meet fluctuating demand and compensate for shortfalls in production from their Madimba plant without being penalized due to a higher, fixed contractual limit and the subsequent take or pay penalties should the demand reduce again. The agreement has allowed the Company to supply volumes in excess of 50 MMcfd on occasion, increasing average sales volumes and revenues.

21. Contingencies

Upstream and Downstream Activities

The Petroleum Act, 2015 (the "Petroleum Act") provides TPDC with exclusive rights over the distribution of gas in Tanzania. The Petroleum Act has grandfathering provisions upholding the rights of the Company to develop and market natural gas produced under the PSA as it was signed prior to the Petroleum Act coming into effect in 2015.

On October 7, 2016 the Government of Tanzania issued the Petroleum (Natural Gas Pricing) Regulation made under Sections 165 and 258 (I) of the Petroleum Act. Article 260 (3) of the Petroleum Act preserves the Company's pre-existing right with TPDC to market and sell Additional Gas together or independently on terms and conditions (including prices) negotiated with third party natural gas customers. To date there has been no impact on the Company as a result of the Natural Gas Pricing Regulation, however, any future impact cannot be determined at this time.

TPDC Back-in

TPDC has the right under the PSA to "back in" to the Songo Songo field development and convert this into a carried working interest in the PSA. The current terms of the PSA require TPDC to provide formal notice in a defined period and contribute a proportion of the costs of any development, sharing in the risks in return for an additional share of the gas. To date, TPDC has not contributed towards any costs.

Cost Recovery

TPDC conducted an audit of historical costs (the "Cost Pool") and in 2011 objected approximately $34.0 million of costs that had been recovered from the Cost Pool from 2002 through to 2009. In 2014 a portion of the objected costs were agreed to be cost recoverable by TPDC with $25.4 million remaining as being objected. Under the dispute mechanism outlined in the PSA, parties are to agree the appointment of an independent specialist to assist the parties in reaching agreement on costs that are still subject to queries. In 2014, prior to appointing an independent specialist, TPDC suspended the process. From 2010 to 2015 TPDC rejected a further $16.8 million of costs. In 2016 the Tanzanian Petroleum Upstream Regulatory Authority ("PURA") assumed the role of auditing the PSA Cost Pool from TPDC and for 2016 to 2020 have rejected all costs pertaining to downstream development amounting to $15.0 million and a further $9.5 million of other costs. In 2022 the Company and PURA negotiated a settlement on certain rejections with respect to 2016 to 2018 audits. As a result of this, $2.7 million was credited to the Cost Pool in Q2 2022. In 2023 the Company and PURA negotiated a settlement on certain rejections with respect to 2019 to 2020 audits. As a result of this, $0.7 million was credited to the Cost Pool in Q2 2023.

In Q4 2023, the Company credited to the Cost Pool an additional $0.03 million with respect to 2021 audit. To date there remains a total of $66.6 million of costs that have been queried or rejected by TPDC or PURA through the Cost Pool audit process.

During 2019, discussions on the disputed amounts briefly resumed with TPDC. At the time of writing this report no independent specialist has been appointed and neither TPDC nor PURA have issued a formal dispute regarding cost recovery. If the matter is not resolved to the Company's satisfaction, the Company intends to proceed to arbitration via the International Centre for Settlement of Investment Disputes pursuant to the terms of the PSA. The Company's view is that all costs have been correctly included in the Cost Pool, however should any of the costs be rejected as not being cost recoverable, the Company would be required to retroactively adjust its share of revenue for the period under dispute.

21. Contingencies cont.

Taxation

The following table provides a summary of the Company's tax contingencies that are outstanding with the Tanzanian tax authorities:

Amounts in $'millions					As at December 31	
					2023	2022
Area	Period	Reason for dispute	Principal	Interest and penalties	**Total**	Total
Income tax	2008-09, 2011-20	Deductibility of capital expenditures and expenses (2012, 2015 and 2016), additional income tax (2008, 2011 and 2012), foreign exchange rate application (2013 to 2015, 2018 to 2020), underestimation of tax due (2014, 2016 and 2020) and methodology of grossing up income taxes paid (2015 to 2017).	**20.8**	**13.3**	**34.1**(1)	34.2
Tax on repatriated income	2012-21	Applicability of withholding tax on repatriated income (2012 to 2021)	**20.4**	**4.0**	**24.4**(2)	24.9
VAT	2012-20	VAT already paid (2012 to 2014), VAT on imported services (2015 and 2016), interest on VAT decreasing adjustments (2017) and input VAT on services (2017 to 2020).	**0.2**	**1.3**	**1.5**(3)	1.6
			41.4	**18.6**	**60.0**	60.7

During 2022, following the expiry of the statutory deadline for the TRA to respond to the Company's objections, the Company filed notices of intention to appeal to the Tanzania Revenue Appeals Board ("TRAB") against the corporate income tax assessments for the years of 2012 to 2016, tax on repatriated income for the years of 2012 to 2014, and VAT for the years of 2015 to 2016. On several occasions during 2022 these matters came for hearing, and in April 2023, the Company received determination letters from the TRA. Further to that, in May 2023, the TRA issued final corporate income tax assessments for the years of 2012 to 2016, in which the TRA agreed to drop certain claims with respect to previously assessed corporate income tax for the years of income of 2012 and 2016. These claims are no longer represented in the table above.

On May 15, 2023, the Company filed statements of appeal at the TRAB for the remainder of claims on TRA's notice of assessments with respect to the corporate income tax assessments for the years of 2012 to 2016 and tax on repatriated income for the years of 2012 to 2014. The TRAB adjourned the hearings of appeals and the date of hearing is now on notice. The TRAB further received written submissions from both parties on the preliminary objection raised by the TRA against the Company's repatriated income tax appeals for the years of 2012 to 2014 and the parties are awaiting TRAB's decision.

On May 22, 2023, the TRAB pronounced its judgment on the VAT appeal for the years of 2015 and 2016 ($0.2 million) in favor of the Company. A written judgment is still pending. The TRA did not file a Notice of Intention to Appeal at Tax Revenue Appeals Tribunal ("TRAT") by the statutory filing deadline. The Company continues to monitor actions taken by the TRA.

In Q4 2022, the TRA issued seven assessments for tax on repatriated income ($10.6 million) for the years of 2015 to 2021. The Company objected to the assessments on the grounds of the assessments lacking merit; additionally, the assessments for the years of 2015 and 2016 were time-barred. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue final determination on the objections within the statutory time limit, the Company filed Notices of Intention at Appeal at the TRAB and later filed statements of appeal and is awaiting a hearing date.

In Q4 2022, the TRA issued six assessments for income tax and for ensuing interest on deemed delayed payments ($0.5 million) for the years of 2018 to 2020. The Company objected to the assessments on the grounds of incorrect disallowance of expenses and use of exchange rates. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed Notices of Intention at Appeal at the TRAB. In Q4 2023, the Company filed statements of appeal. On March 1, 2024 and March 19, 2024, the appeals came for hearing at the TRAB. Parties are expected to file closing submissions by April 9, 2024.

In Q3 2023, the TRAT pronounced its judgment on the corporate income tax appeal for the year 2011 ($1.6 million) in favor of the TRA. The Company filed a Notice of Intention to Appeal at the Court of Appeal of Tanzania ("CAT"). In Q4 2023, the Company filed a Memorandum of Appeal and is awaiting a hearing date. In Q4 2023, the Company recorded a provision of approximately $0.3 million.

Notes to the Consolidated Financial Statements cont.

21. Contingencies cont.

Taxation cont.

In Q4 2022, the TRA issued an assessment for VAT ($0.1 million) for the years of 2019 and 2020. The Company objected to the assessment on the grounds that TRA incorrectly disallowed input VAT on certain services. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue final determination on the objections within the statutory time limit, the Company filed Notices of Intention at Appeal at the TRAB. In Q4 2023, the Company filed statements of appeal. On March 18, 2024 the Company filed its written submissions and the TRA is expected to file its reply by April 1, 2024.

Management, with advice from its legal counsel, has reviewed the Company's position on the objections and appeals related to the disputed amounts and has concluded that no further provision is required. However, if the TRA reassesses the Company's tax returns for open taxation years on a similar basis, the Company may be required to make future deposits to object such assessments.

The process of appealing assessments issued by the TRA starts by initially filing an appeal with the TRA. If this is not successful, claims can be taken to higher authorities starting with the TRAB, followed by an appeal to the TRAT and finally to the CAT. Below is a summary of the status of the various assessments:

(1) (a) 2008 ($0.6 million): The Company objected to the TRA assessment that did not recognize a tax loss carried forward and is awaiting a response;
(b) 2009 ($0.7 million): The Company objected to an amended assessment from the TRA for being time-barred and arbitrary and is awaiting a TRA response;
(c) 2011 ($1.6 million): The Company is awaiting a CAT hearing date following the TRAT ruling in favor of the TRA;
(d) 2012 ($9.2 million): The Company appealed to the TRAB objecting to the TRA assessment with respect to understated revenue and deductibility of capital expenditures and expenses;
(e) 2013 ($1.9 million): The Company appealed to the TRAB objecting to the TRA assessment as being time-barred and without merit;
(f) 2014 ($4.9 million): The Company appealed to the TRAB objecting to the TRA assessment on the grounds that the TRA assessment incorrectly disallowed certain expenses and applied erroneous foreign exchange rates;
(g) 2015-16 ($8.1 million): The Company appealed to the TRAB as to TRA's assessments on the grounds that the TRA assessments failed to recognize provisional tax payments, incorrectly disallowed capital expenditures and certain expenses and applied erroneous foreign exchange rates;
(h) 2017 ($6.6 million): The TRA issued an assessment for corporation tax which questioned the Company's methodology of grossing up already paid corporation tax ($6.5 million) and raised the issue of imposing interest on deemed delayed payment ($0.1 million). The Company filed an objection and is awaiting the TRA's response;
(i) 2018 ($0.02 million): The Company appealed to the TRAB objecting to the TRA's assessment on the grounds that the TRA incorrectly disallowed certain expenses and applied erroneous foreign exchange rates;
(j) 2018-20 ($0.5 million): The Company appealed to the TRAB objecting to the TRA assessment on the grounds that the TRA incorrectly disallowed certain expenses and failed to recognise payments already made;

(2) (a) 2012 ($2.9 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB and is awaiting TRAB's decision;
(b) 2013 ($7.5 million): The Company objected to the TRA assessment as being time-barred and without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB and is awaiting TRAB's decision;
(c) 2014 ($3.4 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB and is awaiting TRAB's decision;
(f) 2015-21 ($10.6 million): The Company appealed to the TRAB objecting to the TRA assessments for the year of income of 2015 ($1.9 million), 2016 ($1.9 million), 2017 ($1.6 million), 2018 ($1.1 million), 2019 ($1.6 million), 2020 ($1.1 million) and 2021 ($1.4 million) for being without merit and is awaiting hearing dates;

(3) (a) 2012-16 ($0.2 million): The TRAB ruled in favor of the Company, parties are awaiting the written judgment. The TRA has not appealed the decision to the TRAT;
(b) 2017-18 ($1.2 million): The Company filed an objection to a TRA assessment and is awaiting a response. The Company objected to incorrect imposition of interest on VAT decreasing adjustments in respect of delayed TANESCO payment ($1.2 million) and disallowing input VAT claimed in certain services ($0.1 million);
(c) 2019-20 ($0.1 million): The Company appealed to the TRAB objecting to a TRA assessment on the grounds of incorrectly disallowing input VAT claimed.

In 2016 the TRA introduced significant changes in relation to the income tax treatment of the extractive sector with separate new chapters in Part V of the Income Tax Act 2004 ("ITA, 2004") for mining and for petroleum to be effective commencing in 2018. Further changes were subsequently made by the Written Laws (Miscellaneous Amendments) Act, 2017 ("WLMAA, 2017") and in particular section 36(a)(ii) of the WLMAA, 2017. The WLMAA, 2017 amended sections 65M and 65N of the ITA, 2004 to exclude cost oil/cost gas from inclusion in both income and expenditure. The Company continues to review the tax effects of the changes as there are a number of uncertainties and ambiguities as to the interpretation and application of certain provisions of the WLMAA, 2017. In the absence of guidance on these matters, the Company has used what it believes are reasonable interpretations and assumptions in applying the WLMAA, 2017 for purposes of determining its tax liabilities and the results of operations, which may change as it receives additional clarification and implementation guidance. The Company does not expect a significant impact from the changes as it is able to recover taxes payable from the TPDC Profit Gas revenue entitlement under the terms of the PSA.

22. Directors' and Officers' Emoluments

$'000	Year	Base	Bonus	Stock based compensation expense	Total
Directors	**2023**	**500**	**–**	**–**	**500**
Directors	2022	500	–	–	500
Officers	**2023**	**1,532**	**468**	**–**	**2,000**
Officers	2022	1,250	243	–	1,493

The table above provides information on compensation relating to the Company's officers and directors. Four officers (year ended December 31, 2022: four) and three non-executive directors (year ended December 31, 2022: three) comprised the key management personnel during the year ended December 31, 2023.

23. Change in Non-Cash Operating Working Capital

	As at December 31	
$'000	**2023**	2022
Decrease (increase) in trade and other receivables	**945**	(5,463)
Increase in prepayments	**(86)**	(418)
Decrease in trade and other payables	**(4,144)**	(1,460)
Decrease in APT	**(13,147)**	(8,503)
(Decrease) increase in tax payable	**(755)**	2,245
Decrease in long-term receivable	**2,205**	-
	(14,982)	(13,599)

24. Non-Controlling Interest

The Company sold 7.933% (7,933 Class A common shares) of PAEM to a wholly owned subsidiary of Swala TZ, Swala (PAEM) Limited's ("Swala UK") in 2018 for $15.4 million cash and $4.0 million of Swala TZ's Preference Shares pursuant to a share purchase agreement. The Preference Shares entitled the Company to a 10% per annum distribution payable 15 days after each quarter end commencing from the closing date, January 16, 2018. Payment of the quarterly distributions was at the discretion of Swala TZ based on funds available, however, the liability accrued if any amount was unpaid when due. For any distributable amount remaining unpaid at December 31, 2021, the Company may demand settlement and Swala TZ was obligated to comply by transferring and returning the Class A common shares of PAEM sold to Swala TZ. The aggregate value of these shares will equal the amount of the outstanding distributions.

Swala TZ was obligated to redeem 20% of the Preference Shares for cash annually starting from December 31, 2021 until all shares are redeemed. If at any time Swala TZ did not redeem in cash the required number of Preference Shares, Swala TZ was obligated to redeem the Preference Shares by transferring and returning the Class A common shares of PAEM sold to Swala TZ. The aggregate value of these Class A common shares is equal to the amount of any outstanding redemption. On August 8, 2022, the Company issued a redemption notice to Swala TZ, requesting that Swala TZ redeem 20% of the outstanding Preference Shares by August 23, 2022. On January 31, 2023 the Company issued a further redemption notice to Swala TZ, requesting that Swala TZ redeem a further 20% of the outstanding Preference Shares by February 15, 2023.

On April 3, 2023, Swala TZ announced that its creditors resolved that Swala TZ be placed into liquidation at a creditors' meeting held on March 31, 2023. On March 31, 2023, Apex Corporate Trustees (UK) Limited appointed representatives of Grant Thornton UK LLP as administrators of Swala UK. On July 21, 2023, the Company repurchased the 7.933% shares in PAEM held by Swala UK for $7.5 million and the non-controlling interest is therefore eliminated in 2023.

A reconciliation of the non-controlling interest is detailed below:

	As at December 31	
$'000	**2023**	2022
Balance, beginning of year	**5,670**	3,116
Net income attributable to non-controlling interest	**-**	2,554
Distribution to non-controlling interest shareholder	**(7,500)**	-
Elimination of non-controlling interest	**1,830**	-
Balance, end of year	**-**	5,670

25. Subsequent Events

On February 1, 2024 the Company declared a dividend of CDN$0.10 per share on each of its Class A Shares and Class B Shares for a total of $1.5 million to holders of record as of March 29, 2024 to be paid on April 12, 2024.

On March 20, 2024 PAET received a summons from the Tanzanian High Court (Commercial Division) to file a written statement of defense against a claim made by the seismic contractor for losses arising from PAET's termination of the contract. The contractor seeks to claim $30.0 million for losses incurred plus legal costs, interest and general damages. The Company in consultation with its legal advisor believes that there are limited merits to the claim and as such does not consider it necessary to include a further provision in the 2023 financial statements. The initial hearing of the claim has been set as April 18, 2024.

Corporate Information

Board of Directors

Jay Lyons
Executive Director and
Chief Executive Officer
Vancouver, Canada

Lisa Mitchell
Executive Director and
Chief Financial Officer
London, UK

David W. Ross
Chairman and Non-Executive Director
Calgary, Canada

Dr Frannie Léautier
Non-Executive Director
Washington DC, United States

Linda Beal
Non-Executive Director
London, UK

Advisor to the Board and PAET

Lloyd Herrick
Director, PAET
Calgary, Canada

Officers

Jay Lyons
Chief Executive Officer
Vancouver, Canada

Lisa Mitchell
Chief Financial Officer
London, UK

Ewen Denning
Chief Operating Officer
London, UK

Andrew Hanna
Managing Director, PAET
Surrey, UK

Operating Office

PanAfrican Energy Tanzania Limited
Oyster Plaza Building, 5th Floor,
Haile Selassie Road
P.O. Box 80139,
Dar es Salaam, Tanzania
Tel: + 255 22 2138737
Fax: + 255 22 2138938

Registered Office

Orca Energy Group Inc.
Vistra Corporate Service Centre
Wickhams Cay II,
Road Town, Tortola
British Virgin Islands, VG110

Investor Relations

Jay Lyons
Chief Executive Officer
ir@orcaenergygroup.com

Lisa Mitchell
Chief Financial Officer
ir@orcaenergygroup.com

International Subsidiaries

PanAfrican Energy Tanzania Limited
Oyster Plaza Building, 5th Floor,
Haile Selassie Road
P.O. Box 80139,
Dar es Salaam, Tanzania
Tel: + 255 22 2138737
Fax: + 255 22 2138938

PAE PanAfrican Energy Corporation
3rd Floor, Rogers House,
5 President John Kennedy Street
Port Louis, Mauritius
Tel: + 230 207 8888
Fax: + 230 207 8833

Engineering Consultants

McDaniel & Associates Consultants Ltd.
Calgary, Canada

Auditors

KPMG LLP
Calgary, Canada

Website

orcaenergygroup.com

Lawyers

Burnet, Duckworth & Palmer LLP
Calgary, Canada

Transfer Agent

TSX Trust Company
Calgary, Canada

ORCA

Orca Energy Group Inc.
Wickhams Cay II
Road Town, Tortola
VG1110
British Virgin Islands
orcaenergygroup.com