

This announcement contains inside information for the purposes of article 7 of Regulation 2014/596/EU (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018) ('UK MAR'). Upon publication of this announcement, this inside information (as defined in UK MAR) is now considered to be in the public domain. For the purposes of UK MAR, the person responsible for arranging for the release of this announcement on behalf of Afentra is Paul McDade, Chief Executive Officer.

19th July 2022

AFENTRA PLC

Afentra acquires additional interests in Angola

Afentra plc ('Afentra' or the 'Company') is pleased to announce that its wholly-owned subsidiary, Afentra (Angola) Ltd, has signed a Sale and Purchase Agreement ('SPA') with INA – Industrija Nafta, d.d. to acquire a 4% interest in Block 3/05 and a 5.33% interest¹ in Block 3/05A, offshore Angola (the "INA Transaction"). This transaction builds upon the acquisition of a 20% interest in Block 3/05 from Sonangol announced in April 2022 (the "Sonangol Acquisition"). The INA Acquisition has an effective date of 30th September 2021.

Transaction Highlights:

- **Strategic Rationale** - Incremental acquisition builds upon Afentra's strategic entry into Block 3/05, a mature, shallow water, production asset with material upside
- **Block 3/05** – Acquisition results in a combined equity ownership of 24%²
 - Initial consideration of \$9 million
 - Additional consideration of \$10 million, payable upon licence extension³
 - Contingent consideration of up to \$6 million over 3 years, subject to certain oil price hurdles and an annual cap of \$2 million
- **Block 3/05A** – Acquisition of 5.33% interest in a license adjacent to Block 3/05, providing the opportunity to tie back existing discoveries to the Block 3/05 infrastructure
 - Initial consideration of \$3 million
 - Contingent consideration of up to \$5 million linked to the successful future development of certain discoveries and oil price hurdles
- **Combined Interests** – the INA Transaction and the previously announced Sonangol Acquisition are expected to be financed through new debt facilities and existing cash, discussions with selected debt provider are well advanced
 - Combined 2P reserves of ~24 million barrels and production of ~4,680 bbl/day
 - Overall low-cost entry with implied acquisition cost of ~\$4/ 2P bbl⁴
 - Attractive asset breakeven economics of \$35/bbl
 - Average net FCF after capex of ~\$36 million p.a. @ \$75/bbl over next 5 years
 - Payback in less than 3 years at ~\$75/bbl based on 2P production alone

Transaction Overview

Further to the RNS issued on 28 April 2022, in which Afentra announced that it had signed an SPA with Sonangol to purchase interests in Block 3/05 and Block 23, offshore Angola, the Company is pleased to announce an attractive acquisition from INA, of a further 4% non-operated interest in Block 3/05 and entry into adjacent Block 3/05A with the acquisition of a 5.33% non-operated interest.

1. Subject to final approval of the distribution of the CSI interest to the remaining joint venture partners
2. Subject to completion of the Sonangol Acquisition and the INA Transaction
3. License extension from 2025 to 2040 applicable to Block 3/05. Current license for Block 3/05a expires 2035
4. Afentra Gross 2P estimate of 100 mmo as at 1/1/2022 and \$102mm combined firm payment
5. EBITDA - earnings before interest, tax, depreciation, and amortisation

The acquisition will take Afentra's combined interest in Block 3/05 to 24%² with a combined implied acquisition cost of ~\$4/ 2P bbl⁴ and asset breakeven costs of \$35/bbl. Block 3/05 production averaged 19,500 bopd in the first half of 2022 and has material production growth potential. Upon completion of both the Sonangol and INA transactions, Afentra will have initial 2P Reserves of c.24 million barrels (20 and 4 mmbo respectively) and daily production of c.4,680 bbl/d. (3900 and 780bopd respectively).

The asset interests being acquired under the INA Transaction generated an EBITDA of US\$ 5.3 million for the year ended 31 December 2021, as extracted from unaudited management information for the year, with EBITDA being defined as "*earnings before interest, tax, depreciation and amortisation*".

Block 3/05, in which Afentra is acquiring a further 4% non-operated interest, is located in the Lower Congo Basin and consists of eight mature producing fields. The discoveries were made by Elf Petroleum (now part of TotalEnergies) in the early 1980s. Development was by shallow-water (40-100m) platforms that included successful waterflood activities with first oil in 1985. Sonangol assumed operatorship from 2005 and has focused on sustaining production through workovers and maintaining asset integrity. No infill drilling campaigns have taken place in the last 15 years. The asset has a diverse portfolio of over 100 wells and currently produces from around 40 production wells and has nine active water injectors. The facilities include 17 well-head and support platforms and four processing platforms, with oil exported via the Palanca FSO.

The entry into Block 3/05A also provides Afentra with access to existing light oil and associated gas discoveries that could be tie-back developments to the existing Block 3/05 infrastructure. Block 3/05A contains an oil in place of ~300 mmbls, including one partially developed and two un-developed oil discoveries. There is potential for material incremental gross production of circa 10,000 bbl/d.

Both 3/05 and 3/05A provide scope for broad based ESG impact in the form of emissions reduction, gas utilisation opportunities and positive socio-economic impacts. Consistent with Afentra's purpose and strategy, Afentra will be working alongside Sonangol to support its transition strategy which is closely aligned with Afentra's ESG agenda. A key outcome of the due diligence work to date has been to identify the opportunity to work with the JV to enhance the environmental performance of Block 3/05 through emissions reductions.

The acquisition of the assets from INA is expected to be funded through the same debt and existing available funds as those being utilised for the Sonangol transaction and discussions with the selected debt finance provider are well advanced and will be finalised ahead of re-admission.

Transaction Timings and RTO Update

The INA Acquisition is subject to satisfaction of Conditions Precedent customary for a transaction of this nature which mainly relate to Governmental approvals and waiver of state pre-emption rights, these are expected in Q3/Q4 2022. The licence extension of Block 3/05 which will trigger the incremental payment of \$10 million is also expected to be granted in Q3/Q4 2022.

The ongoing Sonangol transaction and associated RTO process, with publication of the AIM re-admission document and resumption of trading is expected to occur in the coming weeks. The General Meeting to approve the Sonangol Acquisition will follow in line with regulatory timelines.

Transaction Presentation

A presentation providing further details of the INA transaction has been uploaded to Afentra's website and can be viewed via the following link:

<https://afentraplc.com/wp-content/uploads/2022/07/Afentra-Second-Acquisition-final.pdf>

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Commenting on the update, CEO Paul McDade said:

"This incremental acquisition is strategically attractive as it enhances the materiality of our entry into Angola and provides additional exposure to proven assets with significant upside. Block 3/05 is a high-quality asset with stable and robust cash flow and material production growth potential. The acquisition of an additional 4% demonstrates our commitment to both the asset and our plan to work with the operator, Sonangol, to maximise the production and recovery from this material asset for the benefit of all stakeholders.

Together, the Sonangol and INA transactions provide a solid foundation for Afentra's growth in Angola, and elsewhere within Africa, our geographic focus. They also demonstrate the significant opportunities that exist in the region, for a responsible and ambitious independent like Afentra, that are resulting from the transition that is ongoing in the oil and gas industry in Africa."

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About Afentra

Afentra plc (AIM:AET) is an upstream oil and gas company focused on opportunities in Africa. The Company's purpose is to support a responsible energy transition in Africa by establishing itself as a credible partner for divesting IOCs and Host Governments. Afentra has a current carried interest in the Odewayne Block onshore southwestern Somaliland.

Technical Information

The technical information contained in this announcement has been reviewed and approved by Robin Rindfuss, Head of Sub-Surface at Afentra plc. Robin Rindfuss has over 25 years of experience in oil and gas exploration, production and development and is a member of the Society of Petroleum Engineers (SPE). The OIIP and 2P Reserves information set out herein are currently determined by Afentra and are subject to the ongoing preparation of an independent Competent Persons Report.

Continued suspension of trading

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The Sonangol Acquisition constitutes a reverse takeover in accordance with Rule 14 of the AIM Rules for Companies. An AIM re-admission document setting out, *inter alia*, details of the Sonangol Acquisition (including a competent person's report on Block 3/05) and the INA Acquisition will be published and sent to Afentra's shareholders with a notice of general meeting in late July. Accordingly, the Company's ordinary shares will remain suspended from trading on AIM until either the publication of an AIM admission document or until confirmation is given that the Sonangol Acquisition is not proceeding. The Company will release further announcements as and when appropriate.

Standard

Estimates of reserves and resources have been prepared in accordance with the June 2018 Petroleum Resources Management System ("**PRMS**") as the standard for classification and reporting.

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