

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or as to what action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who specialises in advising on the acquisition of shares and other securities and is authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are resident in the UK, or, if you are not resident in the UK, from another authorised independent adviser. The whole of this document should be read. Your attention is drawn in particular to the section entitled Risk Factors in Part 4 of this document that describes certain risks associated with an investment in the Company.

This document constitutes an admission document drawn up in accordance with the AIM Rules. This document does not constitute a prospectus within the meaning of section 85 of FSMA and has not been drawn up in accordance with the UK Prospectus Regulation or approved or filed with the FCA. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. The Directors, whose names appear on page 18 of this document, accept responsibility, individually and collectively, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation or warranty, express or implied, is made by Peel Hunt as to any of the contents of this document for which the Directors are solely responsible.

The Ordinary Shares are admitted to trading on AIM. Application will be made for the Ordinary Shares to be re-admitted to trading on AIM following completion of the Sonangol Acquisitions. All the Ordinary Shares will, on Admission, rank in full for all dividends or other distributions declared, made or paid in respect of the Ordinary Shares after Admission and will rank *pari passu* in all respects. The Ordinary Shares are not, and the Ordinary Shares of the Enlarged Group will not be, dealt on any other recognised investment exchange and no application has been or is being made for the Enlarged Group to be admitted to any such exchange. Following completion of the Sonangol Acquisitions, it is expected that Admission will become effective and dealings in the Enlarged Group will commence on AIM by Q4 2022.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Financial Conduct Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. You should read the whole text of this document. You should be aware that an investment in the Company is speculative and involves a degree of risk. Your attention is drawn to the section entitled “Risk Factors” set out in Part 4 of this document. All statements regarding the Group’s business should be viewed in light of these risk factors.**



## **Afentra PLC**

*(Incorporated and Registered in England and Wales under the Companies Acts 1948 to 1981  
with Registered No 01757721)*

**Proposed Acquisition of Oil and Gas interests in Angola  
Admission of the Enlarged Group to trading on AIM  
and  
Notice of General Meeting**

***Nominated Adviser and Joint Broker***

**PEEL HUNT**

**Peel Hunt LLP**

***Joint Broker  
Tennyson Securities***

---

Peel Hunt LLP (“**Peel Hunt**”) which is authorised and regulated by the Financial Conduct Authority is acting as nominated adviser and joint broker to the Company in connection with the Admission. Peel Hunt is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to their customers or for advising any other person on the contents of this document or on any transaction or arrangement referred to in this document. Peel Hunt’s responsibilities as the Company’s nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any other Director or to any person in respect of such person’s decision to acquire shares in the Company in reliance on any part of this document.

Tennyson Securities (“**Tennyson**”), a trading name of Shard Capital Partners LLP, which is authorised and regulated by the Financial Conduct Authority is acting as joint broker to the Company for the purposes of the AIM Rules. Tennyson is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to their customers or for advising any other person on the contents of this document or on any transaction or arrangement referred to in this document. Tennyson’s responsibilities as the Company’s joint broker are not owed to any other person in respect of such person’s decision to acquire shares in the Company in reliance on any part of this document.

The distribution of this document and the offer and sale of Ordinary Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company nor Peel Hunt nor Tennyson that would permit a public offer of Ordinary Shares in any jurisdiction where action for that purpose is required nor has any such action been taken with respect to the possession or distribution of this document in any jurisdiction where action for that purpose is required. Persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell, or the solicitation of any offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation would be unlawful.

**Notice of a General Meeting to be held electronically on <https://web.lumiagm.com/> on 30 August 2022 at 2pm is set out at the end of this document. The notice includes instructions for Shareholders who wish to attend, ask questions and vote at the General Meeting electronically.**

**If circumstances change such that it is necessary to change the arrangements for the General Meeting, we will communicate such change via our website and (where appropriate) through the release of an announcement to a Regulatory Information Service.**

**The Company will be operating an electronic voting system that will allow Shareholders to cast their vote on the Resolution in advance of the General Meeting. Shareholders will be able to cast their vote electronically by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions or, using the CREST Proxy voting services. Electronic votes must be received by Link Group by 2pm on 25 August 2022.**

**The Company encourages all Shareholders who wish to vote to utilise the electronic voting system to appoint the Chairman of the General Meeting as their proxy (by logging on to [http://www.signalshares.com/](http://www.signalshares.com) and following the instructions or using the CREST Proxy Voting Services). The Company recommends that all Shareholders appoint the proxy as soon as possible, but in each case the proxy must be received by Link Group by 2pm on 25 August 2022. If you wish to appoint a proxy other than the Chair of the meeting and for them to attend the General Meeting on your behalf, please submit your proxy appointment in the usual way before contacting Link Group on +44 (0) 371 277 1020\* in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.**

The appointment of a proxy will not preclude you from virtually attending the General Meeting, or any adjournment thereof, should you wish to do so.

This document contains forward looking statements, including, without limitation, statements containing the words “believe”, “anticipated”, “expect”, and similar expressions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements expressed or implied by such forward looking statements to be materially different. Factors that might cause such a difference might include, but are not limited to, those discussed in the “Risk Factors” set out in Part 4 of this document. In light of these issues, uncertainties and assumptions, the events described in the forward looking statements in this document may not occur. Subject to legal or regulatory requirements, the Company disclaims any obligation to update any such forward looking statements in this document to reflect future events or developments.

This document contains cross-references to information contained in the Competent Person’s Report set out in Part 9 of this document. The Company confirms that the information which has been extracted from the Competent Person’s Report has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from the Competent Person’s Report, no facts have been omitted which would render the extracts inaccurate or misleading. The Competent Person has reviewed the information contained in this

document which relates to information contained in the Competent Person's Report and has confirmed in writing to the Company and Peel Hunt that the information presented is accurate, balanced and complete and not inconsistent with the Competent Person's Report.

Copies of this document will be available free of charge during normal business hours on any weekday (except public holidays) at the Company's registered office at High Holborn House, 52-54 High Holborn, London, England, WC1V 6RL from the date of this document until one month from Admission.

## CONTENTS

Clause	Page
KEY STATISTICS	5
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	5
DEFINITIONS	6
GLOSSARY	13
DIRECTORS, SECRETARY AND ADVISERS	18
PART 1 – LETTER FROM THE NON-EXECUTIVE CHAIRMAN	20
PART 2 – CORPORATE GOVERNANCE	42
PART 3 – OVERVIEW OF THE OIL & GAS E&P INDUSTRY IN ANGOLA	45
PART 4 – RISK FACTORS	52
PART 5 – HISTORICAL FINANCIAL INFORMATION RELATING TO THE GROUP	73
PART 6 – UNAUDITED <i>PRO FORMA</i> FINANCIAL INFORMATION	77
PART 7 – ADDITIONAL INFORMATION	80
PART 8 – NOTICE OF GENERAL MEETING	126
PART 9 – COMPETENT PERSON'S REPORT	129

## KEY STATISTICS

Number of Ordinary Shares in issue following Admission	220,053,520
ISIN number	GB00B4X3Q493
AIM 'ticker'	AET
SEDOL	B4X3Q49
Legal entity identifier ("LEI")	21380028BFDFJK8BRX92

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	10 August 2022
Dealings in Ordinary Shares recommence on AIM	10 August 2022
Latest time and date for receipt of completed CREST Proxy Instruction or electronic proxy filing	2 p.m. on 25 August 2022
Voting record time for the General Meeting	6 p.m. on 25 August 2022
Time and date of General Meeting	2 p.m. on 30 August 2022
Completion of the INA Acquisitions	Around Q4 2022
Completion of the Sonangol Acquisitions	Around Q4 2022
Admission becomes effective and dealings in the Ordinary Shares of the Enlarged Group commence on AIM	Around Q4 2022

Notes:

1. *All of the above timings refer to London time unless otherwise stated.*
2. *The above statistics assume the passing at the General Meeting of the Resolution and Admission.*
3. *Some of the times and dates above are indicative only and if any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through an RIS.*

## DEFINITIONS

<b>“Acquisition Agreements”</b>	the INA Acquisition Agreement and the Sonangol Acquisition Agreement;
<b>“Acquisition Facility”</b>	has the meaning given to it in paragraph 5 of Part 1 of this document;
<b>“Acquisition Facility Agreement”</b>	has the meaning given to it in paragraph 5 of Part 1 of this document;
<b>“Acquisitions”</b>	the Sonangol Acquisitions and the INA Acquisitions;
<b>“Act”</b>	the UK Companies Act 2006, as amended from time to time;
<b>“Admission”</b>	admission of the Ordinary Shares of the Enlarged Group to trading on AIM becoming effective in accordance with the AIM Rules;
<b>“Admission Agreement”</b>	the agreement entered into among Afentra, the Directors and Peel Hunt on 10 August 2022 in connection with Admission;
<b>“Admission Document”</b>	this document;
<b>“ADP”</b>	provisional abandonment fund;
<b>“Afentra Angola”</b>	Afentra (Angola) Ltd, a company incorporated in England and Wales with Registered No 14048343;
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies issued by the London Stock Exchange and those of its other rules which govern the admission to trading of, and the operation of companies on, AIM;
<b>“ALNG”</b>	the Angola LNG plant, further details of which are set out in Part 3 of this document;
<b>“Angola”</b>	the Republic of Angola;
<b>“Angola Japan”</b>	Angola Japan Oil Co., Ltd. (a member of the contractor group for each of Block 3/05 and Block 3/05A prior to novating its interests in those blocks to Maurel);
<b>“Articles”</b>	the articles of association of the Company as at the date of Admission, a summary of which is set out in paragraph 5 of Part 7 of this document;
<b>“Block 3/05”</b>	the contract area described in and covered by the Block 3/05 PSA;
<b>“Block 3/05 JOA”</b>	the JOA covering Block 3/05 among Sonangol, China Sonangol, Angola Japan, Eni Angola, Somoil, NIS and INA dated 31 October 2005;
<b>“Block 3/05 PSA”</b>	the PSA covering Block 3/05, offshore Angola among the National Concessionaire, Sonangol, China Sonangol, Angola Japan Oil Co., Ltd., Eni Angola, Somoil, NIS and INA dated 4 October 2005;
<b>“Block 3/05A”</b>	the contract area described in the Block 3/05A PSA;
<b>“Block 3/05A Acquisition”</b>	the proposed acquisition of the Block 3/05A Interest pursuant to the terms of the INA Acquisition Agreement;
<b>“Block 3/05A Interest”</b>	an non-operated participating interest of up to 5.33% in the rights, interests, benefits, liabilities and obligations associated with or attaching to the Block 3/05A PSA and Block 3/05A JOA;
<b>“Block 3/05A JOA”</b>	the JOA covering Block 3/05A among Sonangol, China Sonangol, Angola Japan, Eni Angola, Somoil, NIS and INA dated 31 October 2005;

<b>“Block 3/05A PSA”</b>	the PSA covering Block 3/05A among the National Concessionaire, Sonangol, China Sonangol, Maurel, Eni Angola, Somoil, NIS and INA dated 4 October 2005;																																			
<b>“Block 23”</b>	the contract area described in and covered by the Block 23 PSA;																																			
<b>“Block 23 Acquisition”</b>	the proposed acquisition of the Block 23 Interest pursuant to the terms of the Sonangol Acquisition Agreement;																																			
<b>“Block 23 Interest”</b>	a 40% participating interest in the rights, interests, benefits, liabilities and obligations associated with or attaching to the Block 23 PSA and Block 23 JOA;																																			
<b>“Block 23 JOA”</b>	the JOA among Sonangol, Oxy of Angola (Block 23), LLC, and Maersk Oil Angola AS covering Block 23 and dated 30 November 2006;																																			
<b>“Block 23 PSA”</b>	the PSA covering Block 23 between the National Concessionaire and Sonangol dated 1 December 2006;																																			
<b>“Business Day”</b>	a day (other than Saturdays or Sundays or public holidays) when clearing banks are open for business in London;																																			
<b>“Caco-Gazela Development Area”</b>	the area delineated by the following co-ordinates:																																			
	<table border="1"> <thead> <tr> <th></th> <th>In-Line</th> <th>X-Line</th> <th>X Coord</th> <th>Y Coord</th> <th>Latitude</th> <th>Longitude</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>6480</td> <td>2800</td> <td>218,218</td> <td>9,206,425</td> <td>7° 10' 22.5" S</td> <td>12° 26' 55.4"E</td> </tr> <tr> <td>B</td> <td>5750</td> <td>4000</td> <td>213,656</td> <td>9,213,927</td> <td>7° 06' 17.6" S</td> <td>12° 24' 28.2"E</td> </tr> <tr> <td>C</td> <td>5000</td> <td>4000</td> <td>208,966</td> <td>9,213,925</td> <td>7° 06' 16.8" S</td> <td>12° 21' 55.5"E</td> </tr> <tr> <td>D</td> <td>5750</td> <td>2600</td> <td>213,625</td> <td>9,205,176</td> <td>7° 10' 22.5" S</td> <td>12° 26' 55.4"E</td> </tr> </tbody> </table>		In-Line	X-Line	X Coord	Y Coord	Latitude	Longitude	A	6480	2800	218,218	9,206,425	7° 10' 22.5" S	12° 26' 55.4"E	B	5750	4000	213,656	9,213,927	7° 06' 17.6" S	12° 24' 28.2"E	C	5000	4000	208,966	9,213,925	7° 06' 16.8" S	12° 21' 55.5"E	D	5750	2600	213,625	9,205,176	7° 10' 22.5" S	12° 26' 55.4"E
	In-Line	X-Line	X Coord	Y Coord	Latitude	Longitude																														
A	6480	2800	218,218	9,206,425	7° 10' 22.5" S	12° 26' 55.4"E																														
B	5750	4000	213,656	9,213,927	7° 06' 17.6" S	12° 24' 28.2"E																														
C	5000	4000	208,966	9,213,925	7° 06' 16.8" S	12° 21' 55.5"E																														
D	5750	2600	213,625	9,205,176	7° 10' 22.5" S	12° 26' 55.4"E																														
<b>“certificated” or “in certificated form”</b>	the description of a share or other security that is not in uncertificated form (that is, not in CREST);																																			
<b>“China Sonangol”</b>	China Sonangol International;																																			
<b>“Combined Block 3/05 Interest”</b>	together, the INA Block 3/05 Interest and the Sonangol Block 3/05 Interest;																																			
<b>“Company” or “Afentra”</b>	Afentra plc, a company incorporated in England and Wales with Registered No 01757721;																																			
<b>“Competent Person” or “ERCE”</b>	ERC Equipoise Limited, a company incorporated in England and Wales with Registered No 03587074, the competent person in relation to Admission, as defined by the AIM Rules, and author of the Competent Person’s Report;																																			
<b>“Competent Person’s Report”</b>	the report relating to Block 3/05 produced by the Competent Person, as set out in Part 9 of this document;																																			
<b>“Conditional Award”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;																																			
<b>“Corporate Event”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;																																			
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as also defined in the CREST Regulations);																																			
<b>“CREST Manual”</b>	the rules governing the operation of CREST, as published by Euroclear;																																			
<b>“CREST Proxy Instruction”</b>	has the meaning given to it in Part 8 of this document;																																			
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time);																																			
<b>“Crowe”</b>	Crowe U.K. LLP;																																			

<b>“Directors” or “Board”</b>	the directors of the Company as at the date of this document whose names appear on page 18 against the heading “Directors”, and “Director” means any one of them;
<b>“Eni Angola”</b>	Eni Angola Production B.V.;
<b>“Enlarged Group”</b>	the Group as enlarged by the Sonangol Acquisitions and, in the event that INA Completion occurs before Sonangol Completion, the INA Acquisitions;
<b>“Euroclear”</b>	Euroclear UK & International Limited, the operator of CREST;
<b>“ESG”</b>	environmental, social and governance;
<b>“EUWA”</b>	the European Union (Withdrawal) Act 2018;
<b>“Financial Conduct Authority” or “FCA”</b>	the United Kingdom Financial Conduct Authority, the statutory regulator under FSMA responsible for the regulation of the United Kingdom financial services industry;
<b>“First Measurement Date”</b>	16 March 2024;
<b>“Founders Plan”</b>	has the meaning given to it in paragraph 17 of Part 1 of this document;
<b>“Founders Plan Awards”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended;
<b>“General Meeting”</b>	the electronic general meeting of the Company to be held electronically on <a href="https://web.lumiagm.com/">https://web.lumiagm.com/</a> at 2 p.m. on 30 August 2022 (and any adjournment of such meeting), notice of which is set out at Part 8 of this document;
<b>“GHG”</b>	greenhouse gasses;
<b>“GM Condition”</b>	has the meaning given to it in paragraph 3 of Part 1 of this document;
<b>“Group”</b>	Afentra and its subsidiaries as at the date of this document;
<b>“HMRC”</b>	HM Revenue and Customs;
<b>“INA”</b>	INA – Industrija Nafta, d.d.;
<b>“INA Acquisition Agreement”</b>	the sale and purchase agreement dated 18 July 2022 between Afentra Angola and INA in relation to the INA Acquisitions;
<b>“INA Acquisitions”</b>	the Block 3/05A Acquisition and the INA Block 3/05 Acquisition;
<b>“INA Assets”</b>	the Block 3/05A Interest and the INA Block 3/05 Interest;
<b>“INA Block 3/05 Interest”</b>	a 4% non-operated participating interest in the rights, interests, benefits, liabilities and obligations associated with or attaching to the Block 3/05 PSA and Block 3/05 JOA;
<b>“INA Block 3/05 Acquisition”</b>	the proposed acquisition of the INA Block 3/05 Interest pursuant to the terms of the INA Acquisition Agreement;
<b>“INA Completion”</b>	completion of the INA Acquisitions pursuant to the terms of the INA Acquisition Agreement (details of which are outlined in paragraph 4 of Part 1 of this document);
<b>“INA CPs”</b>	has the meaning given to it in paragraph 4 of Part 1 of this document;
<b>“INA Escrow Agent”</b>	has the meaning given to it in paragraph 4 of Part 1 of this document;
<b>“INA Escrow Agreement”</b>	has the meaning given to it in paragraph 4 of Part 1 of this document;

<b>“INA Guarantee”</b>	has the meaning given to it in paragraph 4 of Part 1 of this document;
<b>“Initial Awards”</b>	has the meaning given to it in paragraph 6 of Part 1 of this document;
<b>“Initial Price”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;
<b>“IOCs”</b>	international oil companies;
<b>“ISIN”</b>	international security identification number;
<b>“JOA”</b>	joint operating agreement;
<b>“LAP”</b>	the Law n <sup>o</sup> 10/04, 12 November, 2004 as amended, which regulates the petroleum activities in Angola, including the articles that were amended by Law n.º 5/19 of 18 April 2019;
<b>“Lock-in Agreements”</b>	has the meaning given to it in paragraph 18 of Part 1 of this document;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“LTIP”</b>	has the meaning given to it in paragraph 17 of Part 1 of this document;
<b>“LTIP Awards”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;
<b>“Maurel”</b>	Maurel & Prom Angola, S.A.S.;
<b>“Measurement Dates”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;
<b>“Measurement Total Shareholder Return”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;
<b>“MIREMPET”</b>	the Ministry of Natural Resources, Petroleum and Gas of Angola;
<b>“National Concessionaire” or “ANPG”</b>	the National Concessionaire appointed by the State of Angola, at the date of this document being Agência Nacional de Petróleo, Gás e Biocombustíveis (ANPG) a public legal person created pursuant to the Presidential Decree No. 49/19 of 6 February, 2019, and appointed pursuant to Law No. 5/19 of 18 April 2019, as title holder of the mining rights of Exploration, Development and Production of liquid and gaseous hydrocarbons in Angola;
<b>“New Equity Awards”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;
<b>“Nil Cost Option”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;
<b>“NIS”</b>	NIS – Petroleum Industry of Serbia Nis – NAFTAGAS;
<b>“Nomad and Broker Agreement”</b>	the nominated adviser and broker agreement entered into among the Company, the Directors and Peel Hunt on 13 July 2022;
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting set out in Part 8 of this document;
<b>“Odewayne Block”</b>	the contract area described in and covered by the Odewayne PSA;
<b>“Odewayne JOA”</b>	means the joint operating agreement dated 2 October 2013 between Petrosoma Limited, Jacka Resources Somaliland Limited and Genel Energy Somaliland Limited relating to the Odewayne Block in Somaliland;

<b>“Odewayne PSA”</b>	means the production sharing agreement, as amended from time to time, dated 6 October 2006 between the Government of Somaliland, Genel Energy Somaliland Limited, Petrosoma Limited and Afentra Energy (East Africa) Limited relating to the Odewayne Block in Somaliland;																																										
<b>“OFAC”</b>	the US Department of Treasury’s Office of Foreign Assets Control;																																										
<b>“OPEC”</b>	the Organisation of the Petroleum Exporting Countries;																																										
<b>“Option” or “Options”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;																																										
<b>“Ordinary Shares”</b>	ordinary shares of £0.10 each in the capital of the Company;																																										
<b>“PdVSA”</b>	Petróleos de Venezuela, S.A.;																																										
<b>“Peel Hunt”</b>	Peel Hunt LLP, nominated adviser and joint broker to the Company;																																										
<b>“Performance Share Award”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;																																										
<b>“Plan Period”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;																																										
<b>“Prospectus Regulation”</b>	Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market;																																										
<b>“PSA”</b>	Production Sharing Agreement;																																										
<b>“Punja Development Area”</b>	The area delineated by the following coordinates:																																										
	<table border="1"> <thead> <tr> <th></th> <th>In-Line</th> <th>X-Line</th> <th>X Coord</th> <th>Y Coord</th> <th>Latitude</th> <th>Longitude</th> </tr> </thead> <tbody> <tr> <td><b>A</b></td> <td>500</td> <td>700</td> <td>205,369</td> <td>9,219,291</td> <td>7° 03' 21.5" S</td> <td>12° 19' 59.3"E</td> </tr> <tr> <td><b>B</b></td> <td>50</td> <td>700</td> <td>210,123</td> <td>9,229,488</td> <td>6° 57' 50.7" S</td> <td>12° 22' 36.0"E</td> </tr> <tr> <td><b>C</b></td> <td>50</td> <td>250</td> <td>205,029</td> <td>9,231,872</td> <td>6° 56' 32.2" S</td> <td>12° 19' 50.6"E</td> </tr> <tr> <td><b>D</b></td> <td>350</td> <td>250</td> <td>201,856</td> <td>9,225,063</td> <td>7° 00' 13.1" S</td> <td>12° 18' 06.0"E</td> </tr> <tr> <td><b>E</b></td> <td>500</td> <td>450</td> <td>202,536</td> <td>9,220,613</td> <td>7° 02' 38.0" S</td> <td>12° 18' 27.3"E</td> </tr> </tbody> </table>		In-Line	X-Line	X Coord	Y Coord	Latitude	Longitude	<b>A</b>	500	700	205,369	9,219,291	7° 03' 21.5" S	12° 19' 59.3"E	<b>B</b>	50	700	210,123	9,229,488	6° 57' 50.7" S	12° 22' 36.0"E	<b>C</b>	50	250	205,029	9,231,872	6° 56' 32.2" S	12° 19' 50.6"E	<b>D</b>	350	250	201,856	9,225,063	7° 00' 13.1" S	12° 18' 06.0"E	<b>E</b>	500	450	202,536	9,220,613	7° 02' 38.0" S	12° 18' 27.3"E
	In-Line	X-Line	X Coord	Y Coord	Latitude	Longitude																																					
<b>A</b>	500	700	205,369	9,219,291	7° 03' 21.5" S	12° 19' 59.3"E																																					
<b>B</b>	50	700	210,123	9,229,488	6° 57' 50.7" S	12° 22' 36.0"E																																					
<b>C</b>	50	250	205,029	9,231,872	6° 56' 32.2" S	12° 19' 50.6"E																																					
<b>D</b>	350	250	201,856	9,225,063	7° 00' 13.1" S	12° 18' 06.0"E																																					
<b>E</b>	500	450	202,536	9,220,613	7° 02' 38.0" S	12° 18' 27.3"E																																					
<b>“QCA Corporate Governance Code”</b>	the Corporate Governance Code for Small and Mid-Size Quoted Companies 2018, published by the Quoted Companies Alliance, as amended from time to time;																																										
<b>“Registrars”</b>	Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL;																																										
<b>“Remuneration Committee”</b>	has the meaning given to it in paragraph 17 of Part 1 of this document;																																										
<b>“Resolution”</b>	the resolution proposed to be passed by Shareholders at the General Meeting, as set out in the Notice of General Meeting;																																										
<b>“Restricted Share Award”</b>	has the meaning given to it in paragraph 6 of Part 7 of this document;																																										
<b>“RIS”</b>	a regulatory information service;																																										
<b>“Second Measurement Date”</b>	16 March 2025;																																										
<b>“Securities Act”</b>	United States Securities Act of 1933 (as amended);																																										
<b>“SEDOL”</b>	Stock Exchange Daily Official List;																																										
<b>“Share Plans”</b>	has the meaning given to it in paragraph 17 of Part 1 of this document;																																										
<b>“Shareholders”</b>	holders of Ordinary Shares;																																										

<b>“SOFR”</b>	the Secured Overnight Financing Rate;
<b>“Somaliland”</b>	the Republic of Somaliland;
<b>“Somoil”</b>	SOMOIL – Sociedade Petrolifera Angolana, SA;
<b>“Sonangol”</b>	Sonangol Pesquisa e Produção, S.A.;
<b>“Sonangol Acquisition Agreement”</b>	the sale and purchase agreement dated 28 April 2022 entered into between Afentra Angola and Sonangol in relation to the Sonangol Acquisitions;
<b>“Sonangol Acquisitions”</b>	the Sonangol Block 3/05 Acquisition and the Block 23 Acquisition;
<b>“Sonangol Assets”</b>	the Sonangol Block 3/05 Interest and the Block 23 Interest;
<b>“Sonangol Block 3/05 Acquisition”</b>	the proposed acquisition of the Sonangol Block 3/05 Interest pursuant to the terms of the Sonangol Acquisition Agreement;
<b>“Sonangol Block 3/05 Interest”</b>	a 20% participating interest in the rights, interests, benefits, liabilities and obligations associated with or attaching to the Block 3/05 PSA and Block 3/05 JOA;
<b>“Sonangol Completion”</b>	completion of the Sonangol Acquisitions pursuant to the terms of the Sonangol Acquisition Agreement (details of which are outlined in paragraph 3 of Part 1 of this document);
<b>“Sonangol CPs”</b>	has the meaning given to it in paragraph 3 of Part 1 of this document;
<b>“Sonangol EP”</b>	Sociedade Nacional de Combustíveis de Angola, Empresa Pública;
<b>““Target Assets”</b>	the INA Assets and the Sonangol Assets;
<b>“Takeover Code” or “Code”</b>	the UK City Code on Takeovers and Mergers;
<b>“Takeover Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Tennyson”</b>	Tennyson Securities, joint broker to the Company;
<b>“Third Measurement Date”</b>	16 March 2026;
<b>“Threshold”</b>	an amount equal to the average closing price of an Ordinary Share over the 30-day period ending immediately before the start of the Plan Period, multiplied by the applicable Measurement Date;
<b>“Total Allocation”</b>	the overall proportion of the Measurement Total Shareholder Return which is to be delivered to all participants in the Founders Plan;
<b>“Trafigura”</b>	Trafigura Pte Ltd;
<b>“Trafigura Offtake Agreement”</b>	has the meaning given to it in paragraph 7 of Part 1 of this document;
<b>“uncertificated” or “in uncertificated form”</b>	Ordinary Shares held in uncertificated form in CREST, title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK MAR”</b>	the UK version of the EU Market Abuse Regulation (596/2014) as it forms part of the retained EU law as defined in the EUWA;
<b>“UK Prospectus Regulation”</b>	the UK version of the Prospectus Regulation as it forms part of Domestic law by virtue of the EUWA;
<b>“US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
<b>“VAT”</b>	Value Added Tax;

<b>“Working Capital Facility”</b>	has the meaning given to it in paragraph 6 of Part 1 of this document;
<b>“Working Capital Facility Agreement”</b>	has the meaning given to it in paragraph 6 of Part 1 of this document;
<b>“US\$” or “US Dollars”</b>	the lawful currency of the US; and
<b>“£” or “Sterling”</b>	the lawful currency of the United Kingdom.

## GLOSSARY

<b>Term</b>	<b>Definition</b>
<b>1C</b>	Denotes low estimate of Contingent Resources.
<b>2C</b>	Denotes best estimate of Contingent Resources.
<b>3C</b>	Denotes high estimate of Contingent Resources.
<b>1P</b>	Denotes low estimate of Reserves (i.e., Proved Reserves). Equal to P1.
<b>2P</b>	Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.
<b>3P</b>	Denotes high estimate of Reserves. The sum of Proved plus Probable plus Possible Reserves.
<b>1U</b>	Denotes the unrisks low estimate qualifying as Prospective Resources.
<b>2U</b>	Denotes the unrisks best estimate qualifying as Prospective Resources.
<b>3U</b>	Denotes the unrisks high estimate qualifying as Prospective Resources.
<b>Accumulation</b>	An individual body of naturally occurring petroleum in a reservoir.
<b>C1</b>	Denotes low estimate of Contingent Resources. C1 is equal to 1C.
<b>C2</b>	Denotes Contingent Resources of same technical confidence as Probable, but not commercially matured to Reserves.
<b>C3</b>	Denotes Contingent Resources of same technical confidence as Possible, but not commercially matured to Reserves.
<b>Chance of Commerciality</b>	The estimated probability that the project will achieve commercial maturity to be developed. For Prospective Resources, this is the product of the chance of geologic discovery and the chance of development. For Contingent Resources and Reserves, it is equal to the chance of development.
<b>Chance of Development</b>	The estimated probability that a known accumulation, once discovered, will be commercially developed.
<b>Chance of Geologic Discovery</b>	The estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum.
<b>FSO</b>	Floating storage and offloading.
<b>Low/Best/High Estimate</b>	Reflects the range of uncertainty as a reasonable range of estimated potentially recoverable quantities.
<b>P1</b>	Denotes Proved Reserves. P1 is equal to 1P.
<b>P2</b>	Denotes Probable Reserves.
<b>P3</b>	Denotes Possible Reserves.
<b>Petroleum Initially-in-Place (PIIP)</b>	The total quantity of petroleum that is estimated to exist originally in naturally occurring reservoirs, as of a given date. Crude oil in-place, natural gas in-place, and natural bitumen in-place are defined in the same manner.
<b>Recoverable Resources</b>	Those quantities of hydrocarbons that are estimated to be producible by the project from either discovered or undiscovered accumulations.

<b>Reserves</b>	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates as 1P, 2P and 3P.
<b>Uncertainty</b>	The range of possible outcomes in a series of estimates. For recoverable resources assessments, the range of uncertainty reflects a reasonable range of estimated potentially recoverable quantities for an accumulation or project.
<b>Units and their abbreviations</b>	
<b>°C</b>	degrees Celsius
<b>°F</b>	degrees Fahrenheit
<b>bbl</b>	barrel
<b>bbl/d</b>	barrels per day
<b>btu/scf</b>	british thermal units per standard cubic feet
<b>Bscf</b>	thousands of millions of standard cubic feet
<b>boe</b>	barrels of oil equivalent
<b>bopd</b>	barrels of oil per day
<b>cp</b>	centipoises
<b>ft</b>	feet
<b>ft MDRKB</b>	feet below Kelly Bushing
<b>ftTVDSS</b>	feet subsea
<b>km</b>	kilometres
<b>m</b>	metres
<b>M or MM</b>	thousands and millions respectively
<b>md</b>	millidarcy
<b>Mmstb</b>	million stock tank barrels of oil
<b>mTVDSS</b>	metres subsea
<b>ppm</b>	parts per million
<b>psia</b>	pounds per square inch absolute
<b>psig</b>	pounds per square inch gauge
<b>pu</b>	porosity unit
<b>rcf</b>	cubic feet at reservoir conditions
<b>rb</b>	reservoir barrels
<b>scf</b>	standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit
<b>scf/d</b>	standard cubic feet per day
<b>stb</b>	a stock tank barrel which is 42 US gallons measured at 14.7 pounds per square inch and 60 degrees Fahrenheit
<b>stb/d</b>	stock tank barrels per day

## Terms and their abbreviations

<b>ABEX</b>	means abandonment cost
<b>ABS</b>	American Bureau of Shipping
<b>AOE</b>	Additional Oil Entitlement
<b>B<sub>g</sub></b>	gas formation volume factor, in scf/rcf
<b>BHA</b>	bottom hole assembly
<b>BPU</b>	base Permian Unit
<b>C&amp;P</b>	cased and perforated (completion)
<b>CALM</b>	catenary anchor leg mooring
<b>CAPEX</b>	means capital cost
<b>CGR</b>	condensate gas ratio
<b>CMR</b>	combinable magnetic resonance
<b>CO<sub>2</sub></b>	carbon dioxide
<b>CoP</b>	cessation of production
<b>CPI</b>	computer processed information log
<b>DCA</b>	decline curve analysis
<b>DST</b>	drill stem test
<b>DWT</b>	Deep Water Tano (block)
<b>E<sub>g</sub></b>	gas expansion factor
<b>ELT</b>	economic limit test
<b>EoS</b>	Equation of state
<b>EUR</b>	expected ultimate recovery
<b>FBHP</b>	Flowing bottom hole pressure
<b>FDP</b>	field development plan
<b>FEED</b>	front end engineering design
<b>FTHP</b>	flowing tubing head pressure
<b>FPSO</b>	means floating production storage and offloading vessel
<b>FVF</b>	formation volume factor
<b>FWL</b>	free water level
<b>GDT</b>	gas down to
<b>GEF</b>	gas expansion factor
<b>GHV</b>	gross heating value of gas
<b>GIIP</b>	gas initially in place
<b>GOC</b>	gas oil contact
<b>GOR</b>	gas oil ratio
<b>GP</b>	gas production well
<b>GRV</b>	gross rock volume
<b>GSA</b>	means gas sales agreement
<b>GWC</b>	gas water contact
<b>H<sub>2</sub>S</b>	hydrogen sulphide

<b>HCPV</b>	hydrocarbon pore volume
<b>HLV</b>	Heavy Lift Vessel
<b>ICV</b>	inflow control valve
<b>kh</b>	permeability thickness
<b>Kr</b>	relative permeability
<b>MD</b>	measured depth
<b>MDT</b>	Modular Dynamics Tester
<b>MFWL</b>	mean free water level
<b>MSL</b>	mean sea level
<b>N<sub>2</sub></b>	nitrogen
<b>NFA</b>	no further activity
<b>NPV xx</b>	net present value at xx discount rate
<b>NTG</b>	net to gross ratio
<b>NUI</b>	normally unmanned installation
<b>OOS</b>	oil offloading system
<b>O&amp;M</b>	operations and maintenance
<b>OPEX</b>	means operating cost
<b>Phi</b>	porosity
<b>Phie</b>	effective porosity
<b>Phit</b>	total porosity
<b>PI</b>	productivity index, in stb/d/psi for oil or MMscf/d/psi or Mscf/d/psi for gas
<b>PIIP</b>	petroleum initially in place
<b>PoD</b>	Plan of Development
<b>PSDM</b>	post stack depth migration
<b>PSTM</b>	post stack time migration
<b>PVT</b>	pressure volume temperature experiment
<b>Raw Gas</b>	Producible gas prior to the removal of fuel and flare volumes
<b>RCA</b>	routine core analysis
<b>RF</b>	recovery factor
<b>RFT</b>	repeat formation tester
<b>RTA</b>	rate transient analysis
<b>Rw</b>	water resistivity
<b>SCAL</b>	special core analysis
<b>SHF</b>	saturation height function
<b>SNA</b>	means sum of negative amplitudes
<b>ss</b>	means sub-sea
<b>STOIIP</b>	stock tank oil initially in place
<b>SURF</b>	subsea, umbilicals, risers and flowlines (subsea equipment)
<b>Sw</b>	water saturation

<b>Swc</b>	connate water saturation
<b>Swirr</b>	irreducible water saturation
<b>TD</b>	total depth
<b>THP</b>	tubing head pressure
<b>TOC</b>	total organic content
<b>TRP</b>	Turret remediation project
<b>TRR</b>	Technically Recoverable Resources
<b>TVD</b>	true vertical depth
<b>TWT</b>	two way time
<b>Vsh</b>	volume of shale
<b>WGR</b>	water gas ratio
<b>WOR</b>	water oil ratio
<b>WUT</b>	water up to

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Jeffrey Saunders MacDonald (Non-Executive Chairman) Gavin Hugh Lothian Wilson (Independent, Non-Executive Director) Paul McDade (Chief Executive Officer) Ian Richard Cloke (Chief Operating Officer) Anastasia Deulina (Chief Financial Officer)  <i>whose business address is at the Company's registered office</i>
<b>Company Secretary</b>	Richard Andrew Cliff  <i>whose business address is at the Company's registered office</i>
<b>Registered office</b>	High Holborn House 52-54 High Holborn London England WC1V 6RL
<b>Nominated Adviser and Joint Broker</b>	Peel Hunt LLP 100 Liverpool Street London EC2M 2AT
<b>Joint Broker</b>	Tennyson Securities 65 Petty France London SW1H 9EU
<b>Reporting Accountants</b>	Crowe U.K. LLP St Brides House 10 Salisbury Square London EC4Y 8EH
<b>Solicitors to the Company (English law)</b>	Pinsent Masons LLP 30 Crown Place Earl Street London, EC2A 4ES
<b>Solicitors to the Company (Angolan law)</b>	PLMJ Advogados, SP, RL Av. Fontes Pereira de Melo, 43 1050-119 Lisboa Portugal
<b>Solicitors to the Company (Somaliland law)</b>	Smart Code Law Firm 252, 26 <sup>th</sup> June Avenue Road, opp Hargeisa Group Hospital Hargeisa Somaliland
<b>Solicitors to the Nominated Adviser</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
<b>Competent Person</b>	ERC Equipoise Limited Eastbourne House 2 Saxbys Lane Lingfield Surrey RH7 6DN

<b>ESG Adviser</b>	SLR Consulting (Africa) (Pty) Ltd Suite1 – Building D Monte Circle 178 Montecasino Boulevard Johannesburg 2191
<b>PR Advisers</b>	Buchanan Communications Limited 107 Cheapside London EC2V 6DN
<b>Registrars</b>	Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL
<b>Company website</b>	<a href="https://afentraplc.com">https://afentraplc.com</a>

## PART 1

### LETTER FROM THE NON-EXECUTIVE CHAIRMAN

Registered Office  
High Holborn House  
52-54 High Holborn  
London  
England  
WC1V 6RL

10 August 2022

*To Shareholders and, for information only, to persons with information rights*

Dear Shareholder

### **Proposed Acquisition of Oil & Gas Interests in Angola Admission of Enlarged Group to trading on AIM and Notice of General Meeting**

#### **1 INTRODUCTION**

Afentra, formerly Sterling Energy plc, was launched in 2021 to support the African energy transition as a responsible, well managed independent oil and gas company, assisting in the continued economic and social development of African economies through responsible management of their oil and gas assets and bridging the gap to renewable and other sustainable forms of energy.

The Company, believes that Africa's strong economic growth, alongside its increasing population, will create long-term oil and gas demand despite the structural evolution of the global energy system and sees a significant opportunity to drive responsible growth and prosperity for all stakeholders.

Afentra aims to access, redevelop and maximise the full potential of existing producing fields and undeveloped discoveries that no longer fit the portfolio of IOCs and host governments in a safe, responsible and sustainable manner. By investing in the region and working with its partners, the Company believes that it can positively impact local communities and deliver significant economic returns to all stakeholders.

In line with its stated strategy, the Company announced on 28 April 2022 that its wholly-owned subsidiary, Afentra Angola, had signed the Sonangol Acquisition Agreement with Sonangol to purchase the Sonangol Block 3/05 Interest for an initial cash consideration of US\$80 million, together with contingent payments of up to US\$50 million in aggregate, and the Block 23 Interest for an upfront cash consideration of US\$0.5 million.

The Sonangol Acquisitions are conditional upon, *inter alia*, the Resolution being passed at the General Meeting, receipt of regulatory approvals and an extension of the Block 3/05 PSA until at least 31 December 2040. Further details on the Sonangol Acquisitions are set out in paragraph 3 of Part 1 of this document.

Further, the Company announced on 19 July 2022 that its wholly-owned subsidiary, Afentra Angola, had signed the INA Acquisition Agreement with INA to purchase the INA Block 3/05 Interest for an initial cash consideration of US\$9 million, together with contingent payments of up to US\$16 million in aggregate, and the Block 3/05A Interest for an initial cash consideration of US\$3 million, together with contingent payments of up to US\$5 million in aggregate.

The INA Acquisitions are conditional upon, *inter alia*, receipt of regulatory approvals. Further details on the INA Acquisitions are set out in paragraph 4 of Part 1 of this document.

Pursuant to Rule 14 of the AIM Rules, the Sonangol Acquisitions are of a size or nature which constitute a reverse takeover. Accordingly, the Sonangol Acquisitions are conditional, *inter alia*, on

the approval by Shareholders of the Resolution in the Notice of General Meeting to be proposed at the General Meeting of the Company to be held electronically on <https://web.lumiagm.com> at 2 p.m. on 30 August 2022 as set out at the end of this document.

The INA Acquisitions do not require approval by Shareholders.

If the Resolution is duly passed at the General Meeting and the other Sonangol CPs are met, then it is expected that the Enlarged Group will be admitted to trading on AIM by Q4 2022.

The Directors believe that the Sonangol Acquisitions are in the best interests of the Company and Shareholders as a whole and recommend that Shareholders vote in favour of the Resolution at the General Meeting. The Directors intend to vote in favour of the Resolution in respect of their beneficial holding of Ordinary Shares, comprising an aggregate number of 7,823,362 Ordinary Shares (being 3.55 per cent. of the Ordinary Shares).

The purpose of this document, which comprises an Admission Document prepared under the AIM Rules, is to provide you with information on the Sonangol Acquisitions (ahead of the General Meeting and Admission), as well as the INA Acquisitions. You should read the whole of this document and your attention is drawn in particular to the risk factors set out in Part 4 of this document.

### Target Assets Summary Sonangol Acquisitions

Licence	Operator	Interest to be acquired (%)	Status	Licence expiry date
3/05	Sonangol	20	Production	June 2025*
23	Sonangol	40	Exploration	December 2022**

\* Extension of the licence expiry date of the Block 3/05 PSA to December 2040 is a Sonangol CP. However, at the date of this document the licence expiry date of the Block 3/05 PSA is June 2025.

\*\* Extension of the licence expiry date of the Block 23 PSA is not a Sonangol CP, but the Company intends to seek an extension.

### Target Assets Summary INA Acquisitions

Licence	Operator	Interest to be acquired (%)	Status	Licence expiry date
3/05	Sonangol	4	Production	June 2025*
3/05A	Sonangol	5.33**	Development	September 2035***

\* Extension of the licence expiry date of the Block 3/05 PSA to December 2040 is not an INA CP. However contingent consideration is payable to INA in the event of the licence being extended to 2040. At the date of this document the licence expiry date of the Block 3/05 PSA is June 2025.

\*\* 1.33% of this interest is subject to China Sonangol's exit from the Block 3/05A PSA and the subsequent allocation of its interest pro rata between the other contracting group members.

\*\*\* This expiry date applies only to the Caco-Gazela Development Area Licence; the Punja Development Area Licence was extended by Executive Decree 465/18 on 22 October 2018 until the date falling 20 years after first lifting (expected in 2024/2025).

## 2 BACKGROUND TO, AND REASONS FOR, ACQUISITIONS

In line with Afentra's objective of capitalising on the opportunities that will result from the accelerating divestment of producing assets and discoveries by IOCs and host governments in Africa and thereby supporting an effective and just energy transition for the continent, the Company has, since its launch in 2021, been highly focussed on identifying and pursuing appropriate acquisition opportunities.

From the outset, the Company has adopted a highly disciplined approach to the execution of this strategy to ensure that each acquisition that it pursues is consistent with the strategy and satisfies its criteria for investment. These criteria cover technical, operational and environmental considerations, as well as the commercial requirement to deliver value accretive deals to the Company's shareholders. The Company has leveraged well-established relationships with IOCs,

debt providers and host governments in seeking out acquisition opportunities consistent with its strategy, and has been, and continues to be, involved in ongoing market sale processes as well as proactively making approaches to acquire “off-market” assets.

Following the announcement by Sonangol in June 2021 of the launch of a tender process for the partial divestment by Sonangol of its participating interests in a number of oil concessions in Angola, the Company submitted an expression of interest to purchase the Sonangol Assets in October 2021. Following a period of negotiation with Sonangol, Afentra Angola signed the Sonangol Acquisition Agreement on 28 April 2022 which has an effective date of 20 April 2022. Following the signing of the Sonangol Acquisition Agreement and a period of negotiation with INA, Afentra Angola signed the INA Acquisition Agreement on 18 July 2022. The INA Acquisition Agreement has an effective date of 30 September 2021.

The Acquisitions meet the Company’s acquisition criteria and, as well as marking the Company’s first acquisitions since the new management team joined the Company, the Directors believe that the Acquisitions provide the following benefits:

#### *Cash flow and value accretive\**

The Acquisitions are expected by the Directors to be immediately cash flow and value accretive post-completion. In 2021, the average daily gross production from Block 3/05 was ~ 17,000 stb/d, with an exit rate of ~ 21,000 stb/d. Production in 2022 through to end of March averaged ~ 19,300 stb/d representing approximately 4,630 stb/d net to Afentra, of which approximately 3,860 stb/d are attributable to the Sonangol Block 3/05 Acquisition and 770 stb/d are attributable to the INA Block 3/05 Acquisition. The implied initial acquisition cost for the Combined Block 3/05 Interest is c. US\$3.6/2P bbl and average annual free cashflow (net) to the Company is estimated at c. US\$36 million at US\$75/bbl over the next five years. The Combined Block 3/05 Interest therefore will provide a stable and material cash flow to the Company.

\* Assumes payment of the US\$10 million of contingent consideration payable in respect of the INA Block 3/05 Acquisition, upon extension of the Block 3/05 PSA.

#### *Acquisition of Reserves\**

As the Company does not currently have any Reserves, the Acquisitions will represent a material increase in scale. The 2P Reserves attributable to the Sonangol Block 3/05 Interest as at 5 August 2022 are projected to amount to approximately 23 MMstb (this estimate is derived from the Competent Person’s Report) and, in respect of the INA Block 3/05 Interest, are projected to amount to approximately 4.6 MMstb (this estimate is derived from the Competent Person’s Report). In addition, the Directors believe that the Acquisitions offer material opportunities to increase Reserves and production from the Combined Block 3/05 Interest as Block 3/05 is estimated to have oil in place in excess of 3.157 billion barrels.

\* The Reserves and production figures for the Target Assets set in the two paragraphs above are presented on a working interest basis.

#### *Enhanced profile*

The Directors believe that the successful completion of the Acquisitions will result in the Company acquiring an increased profile and prominence both in Angola and West Africa more generally, enhancing its ability to make further acquisitions and attract additional funding.

#### *Market entry to Angola*

Angola is Sub-Saharan Africa’s second largest crude oil producer, with average production in 2021 of 1.3 million bopd, and has a well-established oil and gas industry. The Sonangol Acquisitions process has enabled Afentra to engage with major governmental and regulatory stakeholders in Angola and to build a strong relationship with Sonangol. The Directors believe that this will enhance the Company’s ability to make further acquisitions in Angola and across West Africa.

#### *No Shareholder dilution*

The consideration payable by the Company for the Acquisitions has been structured to have a material contingent consideration component, with the initial consideration anticipated to be further reduced by cash flow from the Combined Block 3/05 Interests during the period from the respective effective dates to completion. These two factors have enabled the Company to fully fund the initial consideration for each Acquisition from cash on balance sheet and the Acquisition Facility (details

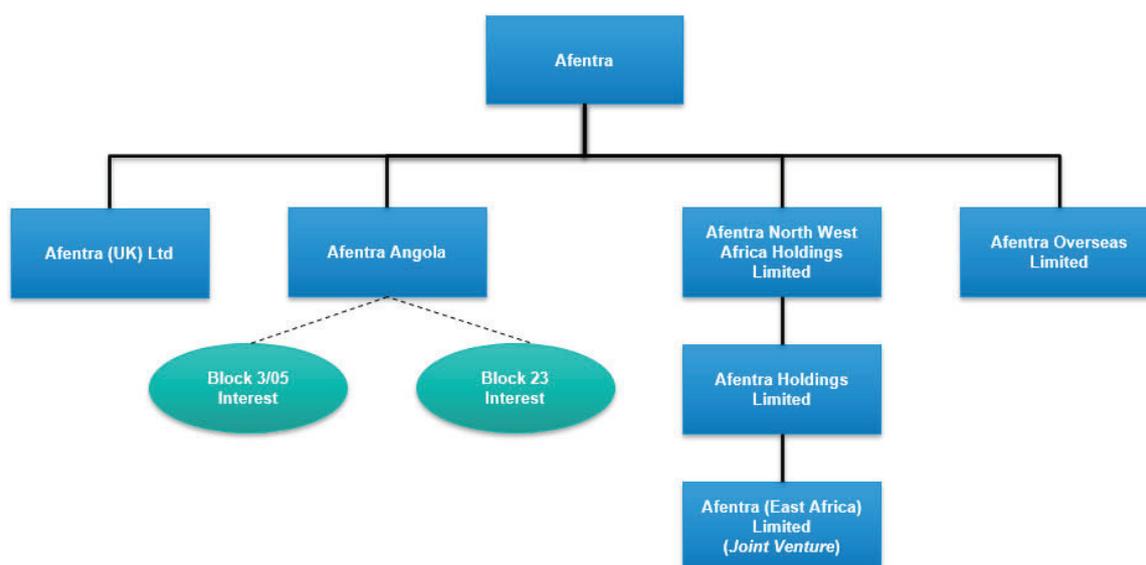
of which are contained in paragraph 5 of this Part 1). The Directors further expect to be able to meet the future contingent cash consideration for each Acquisition from the net cash flows from the relevant Block 3/05 Interest following completion of the relevant Acquisition. As a consequence, the Company is not required to obtain additional equity funding and, therefore, Shareholders will not be diluted as a result of the Acquisitions.

*The Acquisitions are neither sequential nor inter-conditional*

The Company anticipates that INA Completion and Sonangol Completion will each occur in Q4 2022 but it is not clear at present which of them will occur first (given the different conditions to completion in each case).

The Acquisitions are not inter-conditional. In the event that a Sonangol CP cannot be satisfied and Sonangol Completion does not occur, INA Completion will still occur (subject only to satisfaction of the INA CPs). In the event that an INA CP cannot be satisfied and INA Completion does not occur, Sonangol Completion will still occur (subject only to satisfaction of the Sonangol CPs).

### 3 PRINCIPAL TERMS OF THE SONANGOL ACQUISITIONS



**Figure 1.1 – anticipated Group structure following Sonangol Completion\***

\* Structure assumes Sonangol Completion occurs before INA Completion. It is however possible that INA Completion will occur before Sonangol Completion.

#### *Sonangol Acquisition Agreement*

Pursuant to the Sonangol Acquisition Agreement, Afentra Angola has conditionally agreed to acquire the Sonangol Block 3/05 Interest and the Block 23 Interest. The Sonangol Acquisitions represent a significant step in the evolution of the Company from a company with a single exploration asset in Somaliland to a company owning material production assets in Africa's second largest oil producing country.

The initial consideration for the Sonangol Acquisitions is to be entirely funded by cash on the balance sheet and the Acquisition Facility, with a material component of the initial consideration being financed from the net cash flows from the Sonangol Block 3/05 Interest from 20 April 2022 to Sonangol Completion. The remaining portion of the total consideration is contingent and will be funded from net cash flows from the Sonangol Block 3/05 Interest after Sonangol Completion. The consideration for the Sonangol Acquisitions is made up of the following elements:

- An initial cash consideration payable at the date of Sonangol Completion of US\$80 million in respect of the Sonangol Block 3/05 Acquisition. The Sonangol Block 3/05 Acquisition is structured, however, such that Afentra Angola is entitled to any net positive cashflows from the

Sonangol Block 3/05 Interest during the interim period between the effective date of the Sonangol Acquisitions (20 April 2022) and the date of Sonangol Completion which, in light of the Sonangol CPs, is not expected to be until Q4 2022.

- Contingent consideration of up to US\$50 million is payable to Sonangol over a ten-year period, commencing on 1 January 2023 and ending on 31 December 2032. At the end of each year in such period, Afentra Angola will be required to pay Sonangol a fixed amount of US\$5 million if:
  - the average gross daily production from Block 3/05 in that year was equal to or greater than 15,000 bopd; and
  - the Dated Average Daily Brent Price (as defined in the Sonangol Acquisition Agreement) in that year was US\$65/bbl or higher.

If either condition is not satisfied in respect of any year during the ten-year period, then no contingent consideration will be payable in respect of that year. The maximum contingent consideration payable in respect of any year is US\$5 million. The Directors anticipate that any contingent consideration that becomes payable will be capable of being satisfied out of net cash flows from the Sonangol Block 3/05 Interest.

Cash consideration of US\$0.5 million is payable upon Sonangol Completion in respect of the Block 23 Acquisition.

The Company has provided a bank guarantee issued by Nedbank Limited to Sonangol in respect of a US\$8 million cash deposit in respect of the Sonangol Acquisitions that would otherwise have been required to be paid shortly after the signing of the Sonangol Acquisition Agreement. This guarantee has been fully cash collateralised by the Company and Sonangol will be entitled to call on the bank guarantee in the event that either: (i) Afentra Angola does not pay such amount to Sonangol at Sonangol Completion as part of the initial consideration; or (ii) Sonangol Completion does not occur as a result of a breach by Afentra Angola of its obligations under the Sonangol Acquisition Agreement.

Completion of the Sonangol Acquisitions under the Sonangol Acquisition Agreement is conditional *inter alia* on the following (the “**Sonangol CPs**”):

- the publication in the Diário da República of an executive decree of MIREMPET authorising the Sonangol Acquisitions;
- receipt of approval of the Sonangol Acquisitions from the National Concessionaire;
- the National Concessionaire having agreed in writing to extend the term of the Block 3/05 PSA until at least 31 December 2040;
- Sonangol having notified each other participating interest holder in Block 3/05 of its intention to transfer the Sonangol Block 3/05 Interest and no participating interest holder having exercised its right of first offer within 30 days of being notified of the Sonangol Acquisitions or having objected to the Sonangol Block 3/05 Acquisition;
- formal novation documents in respect of the Sonangol Acquisitions having been agreed between Afentra Angola, Sonangol, the National Concessionaire and, in respect of the Sonangol Block 3/05 Acquisition, the other participating interest holders in Block 3/05; and
- the passing of the Resolution at the General Meeting (the “**GM Condition**”).

While not expressly included as Sonangol CPs, Sonangol Completion will also be subject to the following:

- each of Sonangol EP and the National Concessionaire having waived its pre-emption right in respect of the Sonangol Assets or not having exercised such right within 30 days of being notified of the Sonangol Acquisitions. Given Sonangol, as seller, is part of the same Angolan state-owned group of companies as Sonangol EP, the Directors do not expect either Sonangol EP or the National Concessionaire to exercise its pre-emption right; and
- any other Block 3/05 contracting group members, who are categorised as “National Associates”, having waived their pre-emption right in respect of the Sonangol Assets or not having exercised such right within 30 days of being notified of the Sonangol Acquisitions.

It is anticipated that some of the Sonangol CPs will take some time to satisfy. Accordingly, it is not anticipated that Completion will take place until Q4 2022.

In addition to the Sonangol CPs, each of Afentra Angola and Sonangol is entitled to terminate the Sonangol Acquisition Agreement before Sonangol Completion in the event that (i) the representations and warranties given by the other party are not correct in all material respects at the dates they are given or (ii) the other party has not performed or complied in all material respects with its obligations under the Sonangol Acquisition Agreement or (iii) the Sonangol CPs are not satisfied or waived by 20 October 2022. If it appears likely that any of the Sonangol CPs will not be fulfilled by 20 October 2022, Afentra Angola will seek to agree an extension to such long stop date with Sonangol in advance.

The Sonangol Acquisition Agreement also contains customary warranties for a transaction of this nature in relation to the Sonangol Assets from Sonangol.

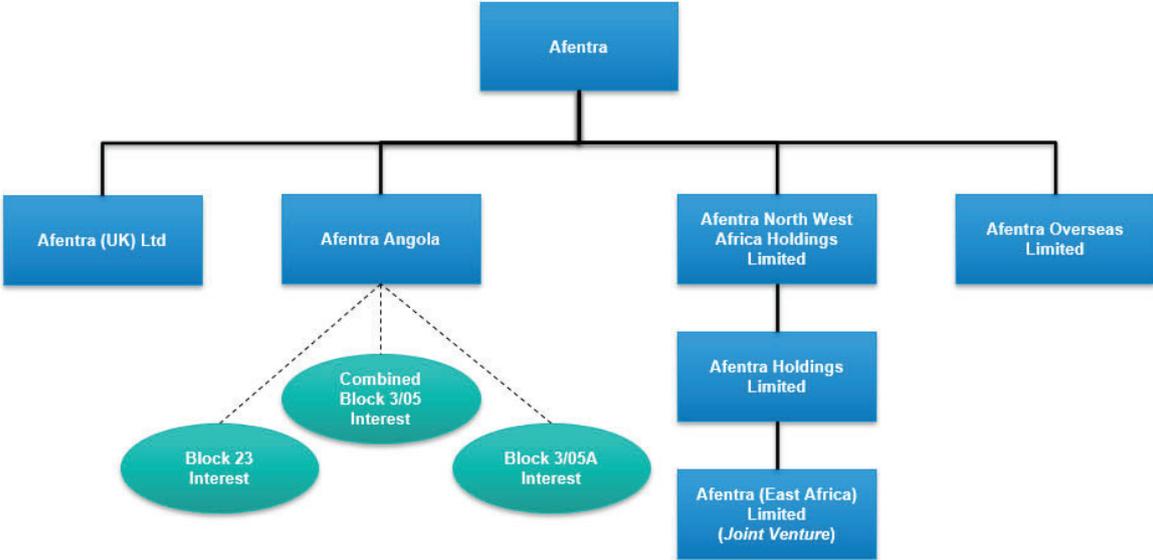
*Decommissioning liabilities*

The current ADP for Block 3/05 (approved in 2012) estimates abandonment costs at US\$574 million, of which US\$554 million has been funded. Funding of the shortfall is subject to the approval of a revised ADP. The estimate is subject to revision and, if the Block 3/05 production licence is extended to 2040, will be revised at that stage. Sonangol proposed a revised ADP for Block 3/05 in 2021 (including increased future provision for abandonment costs) but this remains subject to approval by the contractor group. The Competent Person’s Report estimates abandonment costs for Block 3/05 at US\$728 million.

Sonangol EP, as former national concessionaire, currently holds the majority of the decommissioning cost funds provided by Sonangol. Sonangol EP should have transferred all funded abandonment costs for Block 3/05 to ANPG upon the latter being appointed to the role of National Concessionaire in 2019. Save for US\$10 million in the escrow account, the Company has not been provided with any evidence that Sonangol EP has transferred these funds. Procedural delays in the transfer of escrow funds is a known risk in the Angolan oil industry and the timeline for the transfer is unclear.

Block 23 is still within the exploration phase. No development plan or abandonment plan exists.

**4 PRINCIPAL TERMS OF THE INA ACQUISITIONS**



**Figure 1.2 – anticipated Group structure following INA Completion\***

\* Structure assumes Sonangol Completion occurs before INA Completion. It is however possible that INA Completion will occur before Sonangol Completion.

Pursuant to the INA Acquisition Agreement, Afentra Angola has conditionally agreed to acquire the INA Block 3/05 Interest and the Block 3/5A Interest. The initial consideration for the INA

Acquisitions is to be entirely funded by cash on the balance sheet and the Acquisition Facility, with a component of the initial consideration being funded from the net cash flows from the INA Block 3/05 Interest from the effective date of the INA Acquisitions (30 September 2021) to INA Completion. The remaining portion of the total consideration is contingent and is expected to be funded from net cash flows from the INA Block 3/05 Interest and the Block 3/05A Interest after INA Completion. The consideration for the INA Acquisitions is made up of the following elements:

- An initial cash consideration payable at the date of INA Completion of US\$9 million in respect of the INA Block 3/05 Acquisition and US\$3 million in respect of the Block 3/05A Acquisition. The INA Acquisition is structured, however, such that Afentra Angola is entitled to any net cash flows from the INA Block 3/05 Interest during the interim period between the effective date of the INA Acquisitions (30 September 2021) and the date of INA Completion, which, in light of the INA CPs, is not expected to be until Q4 2022.
- Contingent consideration of US\$10 million is payable in respect of the INA Block 3/05 Acquisition upon the date of publication in the Diário da República of a ministerial or presidential statute, or executive decree, approving the extension to the Block 3/05 PSA. In the event that this contingent consideration is not payable at INA Completion, Afentra Angola will place US\$10 million into an escrow account, to be held by Citibank N.A., London Branch, pending the extension of the Block 3/05 PSA extension. The escrow account will be closed no later than 31 January 2026 with the balance of funds being returned to Afentra Angola, notwithstanding that further contingent consideration may be payable by Afentra Angola.
- Contingent consideration of up to US\$6 million is payable to INA over a three-year period, which commenced on 1 January 2022 and ending on 31 December 2024 in respect of the INA Block 3/05 Acquisition. At the end of each year in such period, if the Daily Average Brent Price (as defined in the INA Acquisition Agreement) for that year exceeds US\$65/bbl, Afentra Angola will be required to pay INA an amount equal to:

*(Production in such year from the INA Block 3/05 Interest multiplied by (Daily Average Brent Price in that year – US\$65/bbl)) multiplied by 30%,*

subject to a maximum contingent consideration payment of US\$2 million in any such year in respect of the INA Block 3/05.

If the Daily Average Brent Price for that year does not exceed US\$65/bbl, no contingent consideration will be payable in that year in respect of the INA Block 3/05 Interest.

The Directors anticipate that any contingent consideration that becomes payable will be capable of being satisfied out of net cash flows from the INA Block 3/05 Interest.

Contingent consideration of US\$2.5 million is payable to INA in respect of the Block 3/05A Acquisition if:

- oil production from the Caco-Gazela Development Area has commenced within five years of INA Completion;
- more than 1,500,000 boe has been produced from the Caco-Gazela Development Area within the first two years of production from the Caco-Gazela Development Area; and
- The Daily Average Brent Price for the 12 months preceding the date on which 1,500,000 boe has been produced from the Caco-Gazela Development Area exceeds US\$65/bbl.

Contingent consideration of US\$2.5 million is payable to INA in respect of the Block 3/05A Acquisition if:

- oil production from the Punja Development Area has commenced within five years of INA Completion;
- more than 1,000,000 boe has been produced from the Punja Development Area within the first two years of production from the Punja Development Area; and
- The Daily Average Brent Price for the 12 months preceding the date on which 1,000,000 boe has been produced from the Punja Development Area exceeds US\$65/bbl.

Completion of the INA Acquisitions under the INA Acquisition Agreement is conditional *inter alia* on the following (the “**INA CPs**”):

- the publication in the Diário da República of an executive decree of MIREMPET authorising the INA Acquisitions;
- receipt of approval of the INA Acquisitions and waiver of its pre-emption right from the National Concessionaire (which right shall be deemed waived if not exercised or waived within 30 days of the National Concessionaire being notified of the INA Acquisitions);
- INA having notified each other participating interest holder in Block 3/05 and Block 3/05A of its intention to transfer the INA Block 3/05 Interest and the Block 3/05A Interest and confirming to Afentra Angola that: (a) no offers were received, or (b) any offers received had been rejected;
- INA having obtained a letter from, or on behalf of, Sonangol EP by which it waives its pre-emption right (which right shall be deemed waived if not exercised or waived within 30 days of Sonangol EP being notified of the INA Acquisitions);
- any other Block 3/05 contracting group members, who are categorised as “National Associates”, having waived their pre-emption right in respect of the INA Assets or not having exercised such right within 30 days of being notified of the INA Acquisitions; and
- all necessary written consents, approvals or waivers, as the case may be, of the other participating interest holders in Block 3/05 and Block 3/05A having been obtained and effected by their execution of the formal novation documents required to legally transfer the INA Block 3/05 Interest and the Block 3/05A Interest.

It is anticipated that some of the INA CPs will take some time to satisfy. Accordingly, it is not anticipated that INA Completion will take place until Q4 2022.

In addition to the INA CPs:

- Afentra Angola is entitled to terminate the INA Acquisition Agreement before INA Completion in the event that (i) certain of the warranties given by INA are not correct at the dates they are given and the breach of such warranties would result in Afentra Angola having a claim with a value in excess of US\$1 million pursuant to the INA Acquisition Agreement or (ii) INA is in breach of certain obligations in the interim period between signing the INA Acquisition Agreement and INA Completion and such breach would result in Afentra Angola having a claim with a value in excess of US\$1 million pursuant to the INA Acquisition Agreement, or (iii) INA has breached certain warranties or obligations relating to compliance with anti-bribery and corruption laws and such breach would result in a material adverse change to the willingness of a sophisticated buyer in the evaluation and acquisition of oil and gas assets, acting reasonably, to complete the INA Acquisitions or (iv) INA or any affiliate is the subject of sanctions in any of Angola, Croatia, the European Union, the United Kingdom or the United States of America or is unable to fulfil its obligations in respect of the INA Acquisitions due to the sanctions laws of any of those states or supra-national entities;
- INA is entitled to terminate the INA Acquisition Agreement before INA Completion in the event that (i) Afentra Angola has breached certain obligations relating to compliance with anti-bribery and corruption laws and such breach would result in a material adverse change to the willingness of a sophisticated seller of oil and gas assets, acting reasonably, to complete the INA Acquisitions or (ii) Afentra Angola or any affiliate is the subject of sanctions in any of Angola, Croatia, the European Union, the United Kingdom or the United States of America or is unable to fulfil its obligations in respect of the INA Acquisitions due to the sanctions laws of any of those states or supra-national entities; and
- either Afentra Angola or INA is entitled to terminate the INA Acquisition Agreement before INA Completion in the event that (i) any of the Angolan government, ANPG or MIREMPET exercises any pre-emption or preferential rights over the INA Block 3/05 Interest or (ii) the INA CPs are not satisfied or waived by 18 April 2023 (which date shall automatically be extended by 9 months if the only CPs outstanding at 18 April 2023 are those relating to regulatory consents or the waiver of pre-emption rights by governmental or state-owned entities).

In the event that any of the Angolan government, ANPG or MIREMPET exercises any pre-emption or preferential rights over the INA Block 3/05A Interest prior to INA Completion, then the INA Block 3/05A Interest shall be excluded from the INA Acquisition, no consideration will be payable by Afentra Angola in connection therewith and Afentra Angola and INA shall (subject to satisfaction or

waiver of the INA CPs in relation to the INA Block 3/05 Interest) proceed to complete the INA Acquisitions in respect of the INA Block 3/05 Interest alone.

As a consequence of the withdrawal of China Sonangol from Block 3/05A, its interests in Block 3/05A are currently deemed to have been reallocated to the other participating interest holders in Block 3/05A *pro rata* to their participating interests in Block 3/05A. In the event that any of the Angolan government, ANPG or MIREMPET exercises any pre-emption or preferential rights over the interests of China Sonangol in Block 3/05A, that portion of the Block 3/05A Interest that represents the deemed reallocation of a portion of China Sonangol's interest in Block 3/05A to INA shall be excluded from the INA Acquisition, that portion of the Block 3/05A Interest shall be excluded from the INA Acquisition, the initial and contingent consideration payable by Afentra Angola in connection with the Block 3/05A Interest shall be reduced proportionately (or repaid if such pre-emption occurs after INA Completion) and Afentra Angola and, if such pre-emption occurs prior to INA Completion, Afentra Angola and INA shall (subject to satisfaction or waiver of the INA CPs) proceed to complete the INA Acquisitions in respect of the remainder of the INA Assets.

The INA Acquisition Agreement also contains customary warranties for a transaction of this nature in relation to the INA Assets from INA.

#### *INA Guarantee*

Pursuant to the INA Acquisition Agreement, the Company (as parent company of Afentra Angola) has agreed to enter into a deed of guarantee and indemnity (the "**INA Guarantee**") in favour of INA. The Company assumes the role of primary obligor, guaranteeing the due and punctual payment by Afentra Angola of all amounts which Afentra Angola shall become obliged to pay to INA under the INA Acquisition Agreement. The Company also guarantees the performance of Afentra Angola's, covenants, stipulations and obligations under the INA Acquisition Agreement.

Pursuant to the INA Guarantee, the Company undertakes to indemnify INA against all damages, actions, losses, costs and expenses arising from any failure of Afentra Angola to carry out any obligation or liability by reason of it not being or ceasing to be valid or enforceable. The Company's liability under the indemnity is limited to a maximum level determined by the amount that INA would have been able entitled to recover from the Buyer were it not for the cessation of validity or enforceability of the relevant guaranteed obligation.

The Company also agrees to indemnify, defend and hold harmless INA on demand in respect of all losses, actions, claims, costs, charges, expenses and liabilities incurred or sustained by INA in any enforcement of the INA Guarantee, or arising from a breach of the INA Guarantee by the Company.

The INA Guarantee is governed by English law, and any dispute arising from the INA Guarantee shall be resolved by way of arbitration in London under the London Court of International Arbitration Rules.

#### *INA Escrow Agreement*

Pursuant to the INA Acquisition Agreement, Afentra Angola entered into an escrow agreement (the "**INA Escrow Agreement**") with INA (as escrow counterparty) and Citibank, N.A., London Branch (the "**INA Escrow Agent**").

On the date of execution of the INA Escrow Agreement, the Company paid a deposit of US\$2.2 million into an escrow account. On satisfaction of the INA CPs and occurrence of INA Completion, the Company shall deposit a further US\$10 million into the escrow account pending the grant of an extension to the Block 3/05 PSA (unless such grant has occurred prior to INA Completion).

The Escrow Agent's fees under the INA Escrow Agreement are for Afentra Angola's account.

#### *Decommissioning liability*

The current ADP for Block 3/05 (approved in 2012) estimates abandonment costs at US\$574 million, of which US\$554 million has been funded. Funding of the shortfall is subject to the approval of a revised ADP. The estimate is subject to revision and, if the Block 3/05 production licence is extended to 2040, will be revised at that stage. Sonangol proposed a revised ADP for Block 3/05 in 2021 (including increased future provision for abandonment costs) but this remains subject to approval by the contractor group. The Competent Person's Report estimates abandonment costs for Block 3/05 at US\$728 million.

Sonangol EP, as former national concessionaire, currently holds the majority of the decommissioning cost funds provided by Sonangol. Sonangol EP should have transferred all funded abandonment costs for Block 3/05 to ANPG upon the latter being appointed to the role of National Concessionaire in 2019. Save for US\$10 million in the escrow account, the Company has not been provided with any evidence that Sonangol EP has transferred these funds. Procedural delays in the transfer of escrow funds is a known risk in the Angolan oil industry and the timeline for the transfer is unclear.

No ADP exists for Block 3/05A.

## 5 PRINCIPAL TERMS OF THE ACQUISITION FACILITY

On 9 August 2022 Afentra Angola (as original borrower), the Company (as parent and original guarantor) and Trafigura (in various capacities) (among others) entered into a senior secured, reserve-based term loan facility agreement for up to US\$110 million (the “**Acquisition Facility**”) (the “**Acquisition Facility Agreement**”). The Acquisition Facility shall be used to fund the acquisitions of the Target Assets and shall be capable of being drawn down in four specific tranches, namely (i) the Sonangol utilisation; (ii) the first INA utilisation, in respect of the initial consideration payable under the INA Acquisition Agreement; (iii) the second INA utilisation, in respect of the contingent consideration payable under the INA Acquisition Agreement, relating to the extension of the Block 3/05 PSA; and (iv) any utilisation for a future Angolan acquisition. The Sonangol utilisation and any future Angolan acquisition utilisation shall be available up until five business days after their respective acquisition completion dates. The first INA utilisation shall be available up until the date falling three months after the INA acquisitions completion date and the second INA utilisation shall be available up until 30 June 2025 (or as otherwise agreed to by the majority lenders).

The material conditions precedent contained in the Acquisition Facility Agreement include, for example, all agreed security being in place, conditions under the relevant acquisition agreement being satisfied and evidence of the portion of the consideration not funded by the Acquisition Facility being available.

The Acquisition Facility will mature on the date falling 60 months after the first utilisation of the Acquisition Facility (or, if earlier, the reserve tail date). The Acquisition Facility is reduced by equal instalments (as determined at the time of drawdown).

Early repayment may be required following typical events such as events of default, change of control, breach of sanctions and illegality.

Interest is payable on the Acquisition Facility at SOFR plus 8% per annum.

Security is provided over the shares in Afentra Angola and all the assets of Afentra Angola.

The Acquisition Facility Agreement contains customary covenants and representations for the type of facility, including financial covenants related to the financial performance of the Group and a restriction on distributions by Afentra Angola to Afentra where the debt service reserve account is not fully funded or there is a default outstanding under the Acquisition Facility Agreement.

The Acquisition Facility is subject to certain standard conditions precedent and is governed by the laws of England and Wales.

## 6 PRINCIPAL TERMS OF THE WORKING CAPITAL FACILITY

On 9 August 2022 Afentra Angola (as original borrower), the Company (as original guarantor) and Trafigura (in various capacities) (among others) entered into a working capital facility agreement for up to US\$30 million (or, if lower, the value of 70% of Afentra Angola’s entitlement aboard the Palanca FSO applying a price deck equal to the higher of: (i) 85% of the Brent Forward Curve; and (ii) the price deck then being used under the Acquisition Facility) (the “**Working Capital Facility**”) (the “**Working Capital Facility Agreement**”).

The Working Capital Facility Agreement allows Afentra Angola to borrow against Afentra Angola’s entitlement to the hydrocarbons aboard the Palanca FSO and to use the funds for general corporate purposes. The Working Capital Facility shall remain available until the earlier of (i) the date on which all amounts due under the Acquisition Facility Agreement are repaid; (ii) the date on which the Acquisition Facility Agreement is fully repaid or terminated; or (iii) the date on which the Trafigura Offtake Agreement is terminated. The amounts outstanding under the Working Capital

Facility are repaid by offsetting the amounts due from the amounts due from Trafigura to Afentra Angola under the Trafigura Offtake Agreement to be entered into following delivery of such product.

The Working Capital Facility will mature on the date on which the Trafigura Offtake Agreement terminates.

Early repayment may be required following typical events such as events of default, change of control and illegality.

Interest is payable on the Working Capital Facility at SOFR plus 4.75% per annum.

The Working Capital Facility Agreement contains customary covenants and representations for the type of facility.

The Working Capital Facility Agreement is subject to certain standard conditions precedent and is governed by the laws of England and Wales.

## **7 PRINCIPAL TERMS OF THE TRAFIGURA OFFTAKE AGREEMENT**

The Company entered into the Special Provisions for the Sale and Purchase of Crude Oil and Products with Trafigura on 9 August 2022 ("**Trafigura Offtake Agreement**"). The Trafigura Offtake Agreement includes the BP Oil International Limited General Terms & Conditions for Sales and Purchases of Crude Oil and Petroleum Products, 2015 edition, as amended by the Trafigura Amendments 2019 to the BP general terms and conditions, as such Trafigura Amendments have been further amended between the parties. The Trafigura Offtake Agreement is governed by English law.

The Company intends to novate the Trafigura Offtake Agreement to Afentra Angola prior to drawdown under the Acquisition Facility Agreement.

Subject to the terms of the Trafigura Offtake Agreement, the Company agrees to sell, and Trafigura agrees to purchase, 100% of Afentra's entitlement to the crude oil lifted from the Target Assets and subsequent asset acquisitions in Angola. The agreement thus secures sales of crude oil produced and limits the Company's exposure to offtake risk.

The agreement remains in full force and effect until the later of (i) the date on which there are no outstanding sums due under the Acquisition Facility Agreement and the Working Capital Facility Agreement; and (ii) the date the Company has sold 10 million barrels of crude oil to Trafigura (although this figure of 10 million barrels will be pro-rated depending on which of the proposed acquisitions complete).

The crude oil sold and purchased under the agreement shall be given and taken FOB at the delivery point, which is currently located at the permanent hose/loading arm connection of the vessel lifting the crude oil from the Palanca FSO.

The US\$ FOB price per barrel FOB Palanca FSO is determined in accordance with an "A+B" formula where:

- "A" is calculated by using a percentage of the arithmetic average of Platts Dated Brent mean quotations published in the Platts Crude Oil Marketwire over an agreed period following the bill of lading date for the relevant cargo; and
- "B" means the on-sale FOB differential calculated accordingly.

Trafigura may hedge the Dated Brent component or price the Dated Brent component based on certain dates in which case price and volume shall be confirmed by Trafigura and Afentra on a case by case basis.

The Company may terminate the agreement after the second anniversary in the case of disposal but subject to any make whole payment to Trafigura equal to the anticipated margin of the volumes being disposed of. The agreement contains provisions on early termination and suspension rights for either party if any of the following events of default occur in respect of the other party whereby the defaulting party:

- (a) or its immediate or ultimate parent is dissolved, becomes insolvent, has a resolution passed for its winding up etc;
- (b) commits a repudiatory or renunciatory breach of the contract;

- (c) fails to deliver any credit support to the non-defaulting party within the timescales set out in the contract;
- (d) fails to make payment when due under the contract and doesn't remedy such failure within five business days;
- (e) fails to take delivery in accordance with the delivery provisions of the contract, where the defaulting party is Trafigura; or
- (f) is subject to a change of control other than where control is transferred to another entity subject to the direct or indirect control of any entity that has direct or indirect control of the defaulting party.

Neither of the parties may assign the agreement or any rights and obligations thereunder without the previous written consent of the other party. Such consent shall not be unreasonably withheld or delayed.

## 8 INFORMATION ON THE TARGET ASSETS

Block 3/05 is located approximately 37km offshore in shallow water (40-100m) in the Congo Basin (Figure 1.3). The initial oil discoveries were made by Elf from 1981 to 1990. A phased handover of operatorship of the assets from TotalEnergies to Sonangol was undertaken between 2005 and 2013.

The light, low viscosity oil and associated gas is contained in the Albian age, Pinda group, carbonate reservoirs with undeveloped stratigraphic potential in the Cenomanian age labe turbidites. Production commenced in 1985 from the Palanca field and a further seven fields (Figure 1.3) were brought online over the next 12 years until production reached a peak of ~200,000 stb/d in 1998 by successful application of waterfloods. In excess of 100 wells have been drilled across the fields, of which up to 39 are active production wells and up to nine water injectors were used in 2021. Development of the oil fields was undertaken via 17 well head and support platforms linked to four processing platforms at the Palanca and Cobo fields. Processed oil is piped to the 2 million barrel capacity Palanca FSO vessel from where it is exported. Average gross production in 2021 was ~17,000 stb/d, with an exit rate in December 2021 of ~21,000 stb/d. Average 2022 gross production rate to end of March 2022 was ~19,300 stb/d.

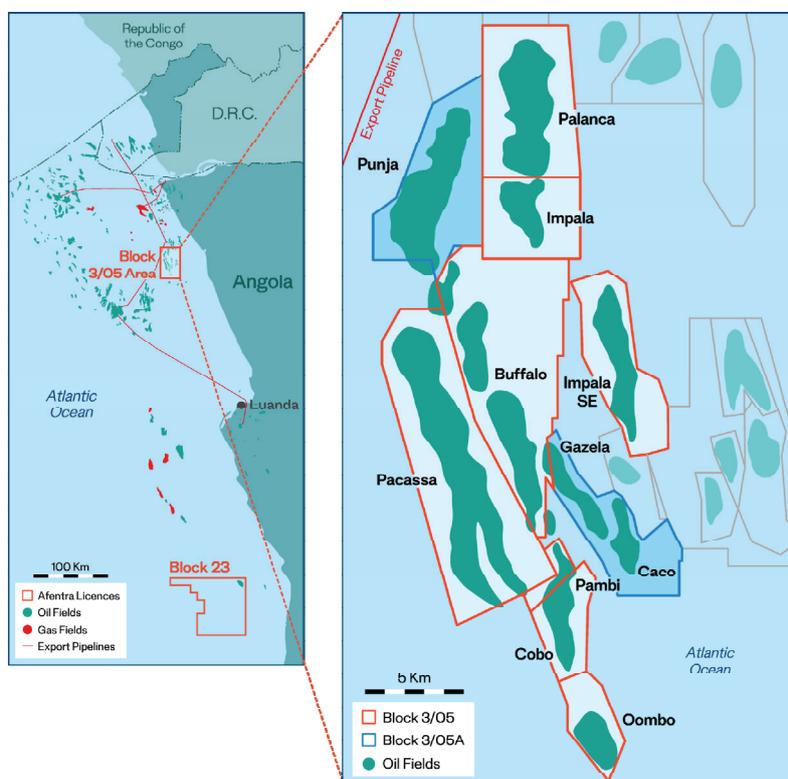
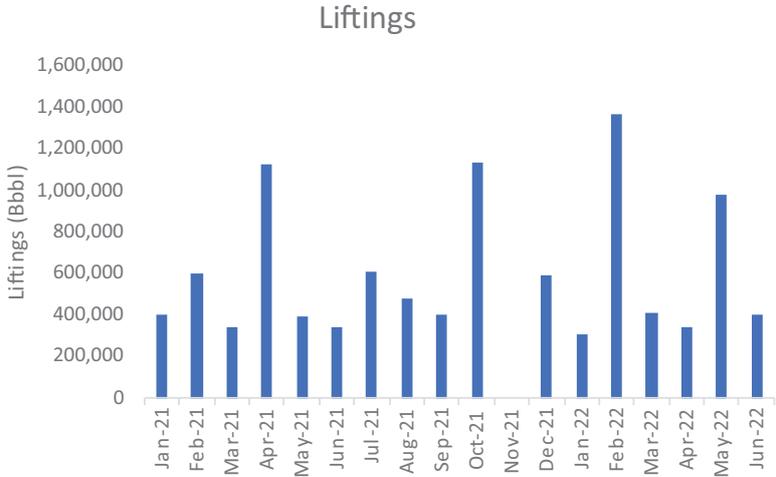


Figure 1.3 – Block 3/05 & 3/05A Location (Source: Competent Person's Report)

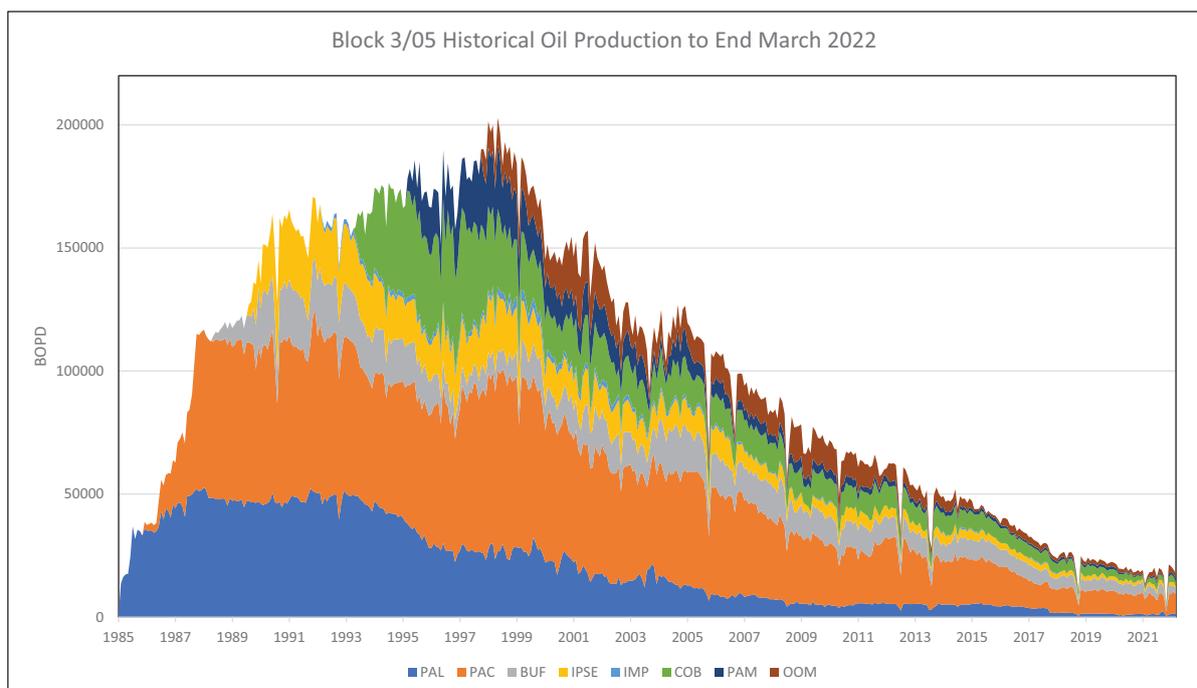
By the end of March 2022 1.343 billion barrels had been recovered from an oil in place of 3.157 billion barrels (Recovery factor of ~43%). Individual field recovery factors vary from 19-47%. Further reserves and resources are to be developed by the reinstalment of waterfloods, workovers, targeting un-developed pay behind pipe and infill drilling. It is anticipated that, the Block 3/05 PSA, when extended from June 2025, will run until December 2040. The extension from June 2025 is a Sonangol CP. A breakdown of the history and recovery status on each field is provided in Table 1.4 below together in Figure 1.6 with a chart showing historical production through end March 2022. Figure 1.5 provides details of the overall liftings from Block 3/05 since January 2021.

Field	Discovered	First Oil	Peak Oil Mbb/d	Year	STOIIP	Cum. Prod. at End March 2022	Recovery Factor at End March 2022
					MMstb	MMstb	%
Pacassa	1982	1986	75.9	1998	1103	506	46%
Bufalo	1982	1988	23.8	1989	358	140	39%
Palanca	1981	1985	52.7	1988	587	275	47%
Impala	1982	1992	4.4	1999	60	12	19%
Impala SE	1985	1988	28.9	1990	320	121	38%
Cobo	1990	1993	46.9	1996	396	169	43%
Pambi	1990	1995	28.4	1997	170	52	31%
Oombo	1992	1997	22.3	2001	163	69	42%
<b>Block 3/05</b>					<b>3157</b>	<b>1343</b>	<b>43%</b>

**Table 1.4 – History and recovery status by field as at 31 March 2022 (Source: Competent Person’s Report)**



**Figure 1.5 – Overall liftings from Block 3/05 since January 2021 (Source: Company materials)**



**Figure 1.6 – Block 3/05 Production History (Source: Competent Person’s Report)**

Several projects across the eight fields to both sustain and grow production from an average rate achieved in Q1 2022 of ~ 19,300 stb/d are being executed and planned. These include workovers on existing wells in the Cobo, Palanca and Impala fields and re-instating full waterfloods across the assets as outlined in Table 1.7 below.

Operational Status/ Project	Gross (MMstb)			Afentra Working Interest (MMstb)			Afentra Net Entitlement (MMstb)			Operator
	1P	2P	3P	1P	2P	3P	1P	2P	3P	
Developed Producing										
NFA	33.8	64.4	76.4	8.1	15.5	18.3	6.1	10.5	11.0	Sonangol P&P
Undeveloped										
Water Injection Restoration	36.9	39.4	65.7	8.9	9.5	15.8	6.7	5.1	7.3	Sonangol P&P
Palanca F2 Platform Restart	5.2	7.7	9.6	1.2	1.9	2.3	0.9	1.1	1.2	Sonangol P&P
Well Cobo-001R Workover	1.3	2.9	5.2	0.3	0.7	1.3	0.2	0.4	0.7	Sonangol P&P
Impala IMP-001R Restart	0.4	0.9	1.2	0.1	0.2	0.3	0.1	0.1	0.1	Sonangol P&P
Total Undeveloped	43.8	50.9	81.8	10.5	12.2	19.6	7.9	6.7	9.3	Sonangol P&P
<b>Total All Reserves Classes</b>	<b>77.6</b>	<b>115.2</b>	<b>158.2</b>	<b>18.6</b>	<b>27.7</b>	<b>38.0</b>	<b>14.1</b>	<b>17.2</b>	<b>20.2</b>	Sonangol P&P

**Table 1.7 – Block 3/05 oil Reserves as at 31 March 2022 (Source: Competent Person’s Report)**

Additionally, opportunities for new wells have been identified in the Palanca, Impala SE and Impala fields, together with potential behind pipe access to the as yet unproduced Cenomanian oil pools in the Cobo area. The targets and execution plans for these projects are in the process of being matured further towards being drill and workover ready providing excellent opportunity for contingent resource to reserve conversion of the un-risked 1C-2C-3C range of 20.8-41.9-70.3 MMstb in a low cost (shallow water, infrastructure in place) environment. These are shown in Table 1.8 below.

Oil Contingent Resources by Project and Sub-Class (Unrisked)	Gross (MMstb)			Afentra Working Interest (MMstb)			Operator
	1C	2C	3C	1C	2C	3C	
Development Pending							
Impala South East Infill	6.0	10.8	18.8	1.4	2.6	4.5	Sonangol P&P
Impala Infill	1.0	3.0	4.8	0.2	0.7	1.2	Sonangol P&P
Palanca Infill	1.5	4.4	7.6	0.4	1.1	1.8	Sonangol P&P
Total Development Pending	8.6	18.2	31.2	2.1	4.4	7.5	Sonangol P&P
Development Unclassified							
Cobo Workovers to the Iabe Formation	0.2	1.1	5.8	0.0	0.3	1.4	Sonangol P&P
Development Not Viable							
Licence Extension from 2041 to 2045	12.0	22.6	33.2	2.9	5.4	8.0	Sonangol P&P
<b>Total All Contingent Resource Classes</b>	<b>20.8</b>	<b>41.9</b>	<b>70.3</b>	<b>5.0</b>	<b>10.0</b>	<b>16.9</b>	Sonangol P&P

**Table 1.8 – Block 3/05 Unrisked Oil Contingent Resources as at 31 March 2022 (Source: Competent Person’s Report)**

Additional Block 3/05 opportunities have also been identified by Sonangol. These have not been assessed at this time and are subject to further work. These include potential infill drilling into the northern area of the Bufalo field, potential Oombo redevelopment, a potential well into the Pacassa SW prospect, and additional volumes in the IABE formation at Pacassa, Cobo and Oombo. Potential selection of alternate artificial lift technology applications to further enhance production rates from existing well stock are also under consideration. These opportunities provide potential additions to the contingent resource scope evaluated.

Block 3/05A, which is adjacent to Block 3/05 (see Figure 1.3 – Block 3/05 & 3/05A location), contains the undeveloped discoveries Punja, Caco and Gazela with an estimated in place resource of 0.3 billion barrels. From 2015 circa two years of production from the Gazela field via a single well and fields supported by Block 3/05 infrastructure was undertaken. Approximately 2 million barrels were recovered prior to a wellbore driven shut down. There is currently no production from the Block 3/05A fields. Assessments to define an optimal development framework of these fields benefitting from use of the nearby Block 3/05 facilities and infrastructure is ongoing.

## 9 INFORMATION ON SONANGOL

Sonangol is the state-owned oil company of Angola, responsible for the management of oil and natural gas exploration on the subsoil and continental shelf of Angola and is responsible for the exploration, production, manufacturing, transportation and marketing of hydrocarbons in Angola.

Sonangol was created as a public company in 1976 following the adoption of Decree-Law No. 52/76 of 9 June in Angola, which established the National Fuel Society of Angola (Sonangol) as a state-owned company dedicated to exploration, research, production, transportation, refining, storage, distribution and processing of oil and other hydrocarbons and their derivatives and waste as well as the management of petroleum equipment, the petrochemical and related industries in Angola and their marketing. The decree also established that Sonangol manages its assets on behalf of the Angolan Government, based on commercial standards.

Sonangol's main activities include prospecting, exploration, development, production, transportation, marketing, refining and processing of oil and gas, and the supply, storage and distribution of its

products, including petrochemical activities and can be performed standalone or in association with other companies – domestic or foreign.

## **10 INFORMATION ON INA**

INA is a medium-sized European oil company with a leading position in the Croatian oil and gas sector and a strong position in oil and gas exploration and production, oil processing, and oil and oil products distribution activities in the region.

INA was established on 1 January 1964 through the merger of Naftapljin (a Croatian company involved in oil and gas exploration and production) and refineries in Rijeka and Sisak in Croatia. INA has its headquarters in Zagreb, Croatia. As at 31 December 2021, INA had 9,655 employees. INA's largest shareholders are MOL Plc. and the Republic of Croatia with the remaining minority of shares being held by private and institutional investors. INA's shares have been listed on the Zagreb stock exchange since 30 November 2006.

INA has over 65 years of experience in upstream oil and gas exploration and production and has assets in Angola and Egypt as well as Croatia with 85 MMboe of 2P reserves as at 31 December 2021. In addition to its upstream operations, INA manages the Rijeka and Sisak refineries in Croatia and a regional network of more than 500 service stations in Croatia and neighbouring countries.

## **11 STRATEGY OF THE COMPANY**

The Company's strategy has been formulated based on the belief of the Directors that the global energy transition will take time and that hydrocarbons will remain an essential part in the overall energy mix for many years to come. The Directors believe that it is important that the industry responsibly manages existing oil and gas assets resources during the transition by demonstrating operational excellence and environmental stewardship as IOCs and national oil companies divest themselves of assets to independents. The market drivers that underpin the energy transition and push IOCs to sell assets in Africa continue to gather momentum and will undoubtedly evolve over the coming years, as they did previously in more mature operating regions such as the UK North Sea and the Gulf of Mexico. Although the current high oil price may have slowed down ongoing processes and caused some potential sellers to hold onto assets, it also creates a window of opportunity for sellers to dispose of assets.

The Directors further believe that the socio-economic impact of the energy transition in Africa needs to be considered alongside the climate impact to deliver a just transition for the countries and peoples of Africa and that those African economies that are reliant on hydrocarbons should be able to capitalise on the socio-economic benefits associated with them. These emerging nations represent a small contribution to the global impact of climate change compared with more developed nations that champion the need for a speedy transition. The fact that the current gas crisis can have such an impact on western economies highlights the devastating risks and social impacts that too rapid a transition could have on the nations and peoples of Africa. Afentra's objective is to help African nations deliver this just transition, whilst benefitting host economies and populations and all stakeholders in the process.

Afentra's growth strategy is to achieve scale through implementation of a buy and build model, positioning itself as a trusted partner of divesting IOCs and host governments to build a portfolio of assets that progress the growth strategy. The Company is specifically targeting producing assets and discovered resources in Africa where the team has existing knowledge, experience and network. Afentra focuses on operated positions but will also consider non-operated positions alongside credible operators with shared standards. Target assets must be value accretive, adding potential for robust cash flow and proven reserves.

Once an asset has been acquired, the Company intends to leverage its deep operating capabilities to increase efficiencies, enhance production, reduce operating costs and improve environmental performance. Afentra's overall aim is to support the energy transition in Africa by responsibly realising the full potential of assets for the benefit of all stakeholders.

Afentra has assembled a strong team with an established network with IOCs and host governments, a proven track record for business delivery and high operating standards. The Company is actively screening a pipeline of opportunities consistent with its strategy and aims to continue to build out its producing oil and gas portfolio over the coming months and years through further accretive

acquisitions. The Directors intend, however, to remain highly disciplined to ensure any acquisitions can stand-up to retrospective scrutiny in the years ahead.

## 12 CURRENT TRADING AND FUTURE PROSPECTS

Afentra is focused on building a diversified portfolio of both operated and non-operated producing oil and gas projects in Africa. The Acquisitions will represent the first building blocks in its oil and gas portfolio and will provide a strong platform for future and sustainable growth for the Company with the ultimate objective to build a portfolio of assets capable of producing tens of thousands of barrels a day with a mix of both operated and non-operated assets.

The Company currently holds a 34% non-operated equity interest in its legacy asset, the Odewayne Block in Somaliland. This offers one of the last opportunities to target an undrilled onshore rift basin in Africa. The Odewayne Block, with access to the Berbera deepwater port less than 100km to the north, is well situated to commercialise any discovered hydrocarbons. The Company is fully carried by Genel Energy Somaliland Limited for its share of the costs of all exploration activities during the Third and Fourth Periods of the Odewayne PSA and the Odewayne PSA is currently in the Third Period which has been extended until May 2024.

Exploration activity prior to the 2017 regional 2D seismic acquisition program had been limited to the acquisition of airborne gravity and magnetic data and surface fieldwork studies, with no wells drilled on the Odewayne Block.

In 2021, technical studies were undertaken, focused on determining the presence of a Mesozoic basin in the block and its prospectivity. The current proposed model is of a fold and thrust belt beneath an unconformity and, if correct, would be potentially analogous to petroleum systems in Oman.



**Figure 1.9 – Odewayne Block Location (Source: Company materials)**

The Company continues to actively review acquisition opportunities across its core West Africa region focused on accretive, cash-generative assets with preference for the assets where Afentra's management team can apply its technical expertise and work collaboratively with the existing JV partners on the assets.

The Company will remain focused on its core West Africa region with Angola being a key country of focus for Afentra where the Directors see a significant opportunity to build a long lasting stable and diversified business.

### 13 COMPETITION

There are a number of local as well as international companies, both well established and new entrants, active in the M&A market in Africa with whom the Company is in competition for acquisitions. Nevertheless, the Directors believe that a considerable number of acquisition opportunities are and will become available in Africa for ambitious independents like Afentra.

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

The Directors believe that the strengthening of the oil price and the increasing importance of ESG considerations for both sellers and the capital markets are highly advantageous for Afentra in the longer term. However, in the short term, oil price volatility and geopolitical uncertainty may create a challenging M&A environment. The Directors intend to retain a very strong focus on value creation and will therefore maintain a disciplined approach to valuation, especially in this challenging environment.

### 14 DIRECTORS AND SENIOR MANAGEMENT

The Board currently comprises three executive directors and two non-executive directors. The Directors are ultimately responsible for managing the Company's business in accordance with the Articles and assessing the appropriateness of its strategy. The Directors also have overall responsibility for the Company's activities, including its acquisition activities, and thereafter reviewing the performance of the Company's acquisitions.

The Board currently comprises Paul McDade as Chief Executive Officer, Anastasia Deulina as Chief Financial Officer and Ian Cloke as Chief Operating Officer. The non-executive directors are Jeffrey McDonald and Gavin Wilson. Details in respect of each of the Directors are set out below. In addition, Richard Cliff acts as the Company's secretary.

The Directors have many years of experience in evaluating and progressing acquisitions and investment prospects within the oil and gas sector. The Board have resolved that, after due consideration, no additions to the Board are currently necessary as a result of the Acquisitions. However, the Board intends to appoint a further independent Non-Executive Director in the medium term and is aiming to have made the appointment by the end of Q4 2022. It is intended that the new Non-Executive Director will chair the Company's Audit Committee.

#### *Directors*

##### **Paul McDade** – *Chief Executive Officer (Age: 58)*

Paul McDade joined the Board in March 2021 as Chief Executive Officer. Paul began his career at ConocoPhillips as a reservoir engineer and has over 35 years of experience within the international oil & gas industry. Prior to joining Afentra, Paul spent 19 years as COO and then CEO of Tullow Oil plc, during which time he played a major role in building a successful African-focused, listed oil & gas company and has also worked at LASMO PLC, KUFPEC and ERC Oil & Gas Consultants. Paul has a BSc. in Civil Engineering from the University of Strathclyde and an MSc. in Petroleum Engineering from Imperial College, London.

##### **Ian Richard Cloke** – *Chief Operating Officer (Age: 51)*

Ian Cloke joined the Board in March 2021 as Chief Operating Officer. Ian began his career at ConocoPhillips as a geoscientist and has over 25 years of experience in the international oil & gas industry. Prior to joining Afentra, Ian had spent nearly 15 years as an Executive Vice President at Tullow Oil plc, where he was responsible for oil and gas operations and projects in a number of countries in Africa and South America, including Guyana, Kenya and Uganda and has also worked at LASMO PLC, and ExxonMobil. Ian has a BSc. in Geological Sciences from Durham University, an MSc. and a PHD, from Royal Holloway, University of London.

**Anastasia Deulina – Chief Financial Officer (Age: 48)**

Anastasia Deulina joined the Board in May 2021 as Chief Financial Officer. Anastasia began her career at Merrill Lynch & Co and has over 20 years' experience in the energy sector within investment banks, private equity firms and companies. Prior to joining Afentra, Anastasia was Group Head of Strategy, Planning and M&A at Tullow Oil plc and was previously Chief Commercial Officer at FlowStream Commodities Ltd, a director at First Reserve Corporation and has also worked for Goldman, Sachs & Co as well as having held several non-executive directorships. Anastasia has a BSc. in Economics and Management from the Moscow State Geological Prospecting Academy and an MA in Energy and Mineral Resources from the University of Texas at Austin. She is a member of the Society of Petroleum Engineers.

**Jeffrey Saunders MacDonald – Non-Executive Chairman (Age: 66)**

Jeffrey MacDonald joined the Board in March 2021 as Non-Executive Chairman. Jeffrey is a former Managing Director with the global energy private equity firm, First Reserve, with responsibility for investment origination, structuring, execution, monitoring and exit strategy, with particular emphasis on the oil and gas sector. Before joining First Reserve, he was a founder and CEO of Caledonia Oil & Gas Ltd., a U.K.- based exploration and production (E&P) firm, and a founding member and managing director of Highland Energy Ltd. Most recently he held the position of Interim CEO and, prior to that, Non-Executive Director, of Kris Energy.

**Gavin Hugh Lothian Wilson – Independent Non-Executive Director (Age: 58)**

Gavin Wilson joined the Board in March 2021 as Independent Non-Executive Director. Gavin has held the position of Investment Director at Meridian Capital Limited, a Hong Kong based international investment firm, for over a decade, managing an oil & gas portfolio focused on emerging markets. Gavin founded and managed two successful investment funds, RAB Energy and RAB Octane, for over seven years. Previously he was Managing Partner of Canaccord Capital London's Oil & Gas division, responsible for Sales and Corporate Broking/Finance. Gavin is also a non-executive director of PetroTal Corporation, Tag Oil Ltd and iMbokodo Exploration and Production Company.

*Company Secretary*

**Richard Andrew Cliff – General Counsel & Company Secretary (Age: 53)**

Richard Cliff joined Afentra as General Counsel & Company Secretary in June 2021, having previously been a consultant to the Company from April 2021. Prior to joining Afentra, Richard was General Counsel & Company Secretary of FlowStream Commodities Ltd, an oil and gas streaming and royalties company. Richard is a Solicitor with nearly 30 years of experience, much of it in the oil and gas sector. Richard was previously a partner with Fasken Martineau LLP and Eversheds LLP and has also practised with Herbert Smith LLP and Milbank, Tweed, Hadley & McCoy LLP. Richard has an MA in Jurisprudence from the University of Oxford and is a member of the Association of International Energy Negotiators.

## **15 CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The Directors are committed to operating in a safe, ethical and responsible manner and recognise the importance of sound corporate governance commensurate with the size of the Group and the interests of the Shareholders. The Directors consider that the Company complies, so far as practicable, with the QCA Corporate Governance Code published by the Quoted Companies Alliance to the extent appropriate having regard to the size and stage of the Group. The QCA Corporate Governance Code identifies 10 corporate governance principles that AIM companies should follow. Details of how the Company follows those 10 principles are set out in Part 2 of this document.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The Company holds formal Board meetings at least four times each financial year and at other times as and when required.

The Board is supported by the Audit Committee, the Remuneration Committee, and the Nominations Committee. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties.

### *Audit Committee*

The Audit Committee's primary purpose is to review and report on the integrity of the consolidated financial statements and to monitor the Company's internal control arrangements including compliance with Group policies and procedures and its risk evaluation statements.

The Audit Committee is chaired by Gavin Wilson and its other member is Anastasia Deulina, who will only remain on the Committee until a further independent Non-Executive Director has been appointed with the requisite financial experience. The additional independent Non-Executive Director whom the Board intends to appoint will chair the Audit Committee.

### *Remuneration Committee*

The Remuneration Committee ensures executive remuneration is structured to align the performance of the Executive Directors with the expectations of the Company's stakeholders. It is also responsible for ensuring remuneration of the Non-Executive Directors is appropriate and proportionate.

The Remuneration Committee is chaired by Gavin Wilson and its other member is Jeffrey MacDonald.

### *Nominations Committee*

The Nominations Committee reviews Board composition considering size, composition and balance of skills, experience and personal qualities in place and any areas which need strengthening. The Committee considers succession planning for the Board directors and leads any Board recruitment process, including the appointment of search agents. The Nominations Committee is chaired by Jeffrey MacDonald and its other members are Gavin Wilson and Paul McDade.

## **16 SHARE DEALING CODE**

The Company has adopted a share dealing code for Directors and key employees which the Directors believe is appropriate for an AIM-traded company. The Company will comply with the AIM Rules and UK MAR.

## **17 SHARE OPTION SCHEMES**

The Company operates the following share-based incentive arrangements pursuant to which awards over Ordinary Shares may be granted to executive directors and employees of the Group:

- the Afentra plc Founders Share Plan (the "**Founders Plan**"); and
- the Afentra plc Below Board Long Term Incentive Plan (the "**LTIP**"),

(together, the "**Share Plans**").

Each of the Share Plans is a discretionary share plan and is administered by the remuneration committee of the Board (the "**Remuneration Committee**").

Awards granted under either of the Share Plans may be satisfied by the issue of new Ordinary Shares, the transfer of Ordinary Shares held in treasury, the transfer of existing Ordinary Shares held by any employee benefit trust, or by the purchase of Ordinary Shares in the market.

The key terms of each of the Share Plans, together with the terms which are common to all of the Share Plans, are summarised in paragraph 6 of Part 7 of this document.

## **18 LOCK-IN ARRANGEMENTS**

In accordance with the AIM Rules, each of the Directors, whose interests in the Company when taken together amount to 3.55 per cent. of the Ordinary Shares, has entered into a lock-in agreement (the "**Lock-in Agreements**") pursuant to which they have undertaken to Peel Hunt and the Company:

- not to dispose of any interest in their Ordinary Shares (including any Ordinary Shares which they may subsequently acquire within one year of Admission) or any options to subscribe for Ordinary Shares for a minimum period of 12 months following Admission except in the very limited circumstances allowed by the AIM Rules; and

- not to dispose of any interest in Ordinary Shares for a period of 12 months following the first anniversary of Admission otherwise than in an orderly manner through the Company's broker from time to time or any other broker subject to and in accordance with the terms of the lock-in arrangements.

## **19 ADMISSION TO TRADING, DEALING ARRANGEMENTS AND ADMISSION**

It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence in Q4 2022.

The Ordinary Shares have the ISIN number GB00B4X3Q493, with SEDOL B4X3Q49. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

## **20 WORKING CAPITAL**

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Group, taking into account the Acquisition Facility and the Working Capital Facility, will be sufficient for its present requirements and for at least 12 months from the date of Admission.

## **21 DIVIDEND POLICY**

The nature of the Company's proposed business means that it is unlikely that the Directors will recommend a dividend in the early years following Admission. The Directors believe the Company should seek to generate capital growth for its Shareholders but may recommend distributions at some future date when the investment portfolio matures and production revenues are established and when it becomes commercially prudent to do so.

## **22 TAXATION**

The attention of prospective investors is drawn to the taxation section in paragraph 13 of Part 7 of this document.

## **23 CREST**

The Articles permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so.

## **24 FURTHER INFORMATION**

Your attention is drawn to Parts 2 to 9 of this document which provide additional information.

## **25 GENERAL MEETING**

Set out at in Part 8 of this document is a notice convening a General Meeting to be held electronically on <https://web.lumiagm.com> at 2 p.m. on 30 August 2022 at which the following resolution will be proposed:

### **"ORDINARY RESOLUTION**

- 1 THAT, the Sonangol Acquisitions (as defined in the Admission Document) be and are hereby approved and the Directors (or any duly authorised committee thereof) be and are hereby authorised:
  - (a) to proceed with the Sonangol Acquisitions (details of which are set out in Part 1 of the Admission Document) substantially on the terms and subject to the conditions set out in the Sonangol Acquisition Agreement, a copy of which will be produced to the meeting and initialled by the Chairman for the purposes of identification, and all other agreements and ancillary documents contemplated by the Sonangol Acquisition Agreement;
  - (b) to do or procure to be done all such acts and things on behalf of the Company and Afentra Angola as the Directors consider necessary, desirable or expedient to implement, or otherwise in connection with, the Sonangol Acquisitions; and

- (c) to agree or procure the agreement of such modifications, variations, revisions, waivers, extensions, additions or amendments to any of the terms and conditions of the Sonangol Acquisitions and/or to any documents relating to it, as the Directors (or any duly authorised committee thereof) may in their absolute discretion think fit, provided such modifications, variations, revisions, waivers, extensions, additions or amendments are not of a material nature.”

## **26 RECOMMENDATION AND VOTING INTENTIONS**

The Directors consider that the Sonangol Acquisitions and Admission are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolution at the General Meeting as those directors who hold shares in the Company have irrevocably committed to do so in respect of their own beneficial holdings amounting, in aggregate, to 7,823,362 Ordinary Shares Ordinary Shares, representing 3.55 per cent. of the Ordinary Shares.

## **27 ACTION TO BE TAKEN BY SHAREHOLDERS**

The Company strongly encourages all Shareholders who wish to vote to utilise the electronic voting system to appoint the Chairman of the General Meeting as their proxy (by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions or using the CREST Proxy Voting Services (under CREST Participation RA10)). In each case the proxy must be received by Link Group by 2 p.m. on 25 August 2022.

The completion of an electronic proxy appointment or transmission of a CREST Proxy Instruction will not preclude Shareholders from attending the General Meeting and voting electronically should they wish to do so. Accordingly, whether or not Shareholders intend to attend the General Meeting they are urged to utilise the electronic voting system to appoint the Chairman of the General Meeting as their proxy or use the CREST Proxy Voting Services as soon as possible.

Yours sincerely,

***Jeffrey Saunders MacDonald***  
***Non-Executive Chairman***

## PART 2

### CORPORATE GOVERNANCE

#### **Statement of Corporate Governance**

Afentra is committed to operating in a safe, ethical and responsible manner and the Board recognises the importance of high standards of corporate governance. The Board has adopted the QCA Corporate Governance Code which the Board considers appropriate for a Company of the size and stage in development of Afentra.

The QCA Corporate Governance Code identifies ten corporate governance principles that AIM companies should follow and the disclosures required for each of those principles. Details of how the Company follows these ten principles can be found in this Part 2 and in the Company's Annual Report.

#### **Principle 1: Establish a strategy and business model which promotes long-term value for all shareholders**

The Company's purpose is to support the African energy transition as a responsible, well managed independent Oil & Gas company working to enable the continued economic and social development of African economies and bridging the gap to the renewable forms of energy.

The Company's mission is to be the trusted partner of both IOCs and host governments in the divestment of legacy assets.

The Company's strategy is to focus on proven hydrocarbon basins where fields have been discovered or are currently producing. The Company intend to execute value accretive M&A, targeting robust cash flow and proven resources to support sustainable shareholder returns.

The Company intends to redevelop and unleash the full potential of legacy producing fields or undeveloped discoveries that no longer fit the portfolio of IOCs. The Company will do this in a safe, responsible and sustainable manner.

#### **Principle 2: Seek to understand and meet shareholder needs and expectations**

The Company seeks an open and transparent dialogue with shareholders with the desire to hear shareholders views on the performance of the Company and to understand shareholders' objectives and expectations.

Investor roadshow meetings will be conducted after the Company's preliminary and interim results and will aim to serve both institutional and retail shareholders. The Executive Directors are available to shareholders throughout the year.

Shareholder feedback is discussed at Board meetings.

#### **Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

As a responsible company with a broader social purpose, the Company understand that it operates within a multi-faceted economic, legislative and social environment. The Company will engage with all the Company's stakeholders to understand and respond to their concerns, needs and opinions in order to ensure the ongoing sustainability of its business.

Afentra intends to identify and acquire assets adopting an effective operating approach that seeks to safely optimise and extend production whilst reducing harmful carbon emissions. The Company is developing a comprehensive ESG strategy which will govern its approach to its environmental, social and governance responsibilities.

Afentra is led by the Board and a management team with a proven track record of creating value and positive stakeholder outcomes through delivery of major hydrocarbon developments and production across Africa.

#### **Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Group risk register is maintained by the Board and senior finance team.

Details of Afentra's internal control and approach to risk management can be found in the Business risk section of the Annual Report. The Audit Committee undertook an in-depth review of the Group's risk management procedures and reported its findings in the Company's 2021 Annual Report.

Any acquisition will be subject to due diligence and analysis of any risks to which the Company may be exposed. The Board is focused on reducing and managing any identified risks rather than eliminating all risk. Any acquisition of hydrocarbon assets inherently includes subsurface, operational and above ground risks and the Board has regard to such risks within its acquisition parameters. The Board seeks to eliminate HSSE risks and reputational risk.

**Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair**

The newly appointed executive team has a proven track record of creating value and positive stakeholder outcomes through delivery of major hydrocarbon developments and production across Africa. Completing the Board the Non-Executive Directors bring significant industry and capital markets experience as well as an unwavering commitment to all aspects of Governance.

The Board is led by the Chairman, Jeffrey MacDonald. Gavin Wilson is appointed as an independent non-executive director and the Company's intention is to appoint at least one further non-executive director in the near future. The Board intends to appoint a further independent Non-Executive Director in the medium term, and is aiming to have made the appointment by the end of Q4 2022.

Paul McDade, CEO and Ian Cloke, COO were appointed in March 2021 and Anastasia Deulina was appointed as the CFO and an Executive Director in April 2021.

**Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

The Board has significant experience of operating and developing major hydrocarbon assets across Africa as well as an established network across the relevant stakeholder audiences and director experience of energy transition in other geographies. The Non-Executive Directors bring significant industry and capital markets experience to the Board.

Full details of each Board member and their relevant experience, skills and personal qualities are set out in the Annual Report and on the Company's website.

Each Director takes responsibility for maintaining his or her own skill set which includes roles and experience with other boards and organisations.

Non-Executive Directors have a contractual right to receive external advice, at the Company's expense, when necessary.

**Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

The Nominations Committee is responsible for evaluation of the Board and its committees. The Company intends to put in place a process for Board evaluation and further details will be provided to shareholders.

Succession planning is the responsibility of the Nominations Committee who make recommendations to the Board regarding Board composition and succession planning going forward.

**Principle 8: Promote a corporate culture that is based on ethical values and behaviours**

The Company's purpose is to support the African energy transition as a responsible, well managed independent Oil & Gas company enabling the continued socio-economic development of African economies and bridging the gap to the renewable forms of energy. This purpose is embedded in everything that the Company do, including its name, which signifies its purpose: African Energy Transition. The Company is committed to the transformation of the energy sector to a lower carbon world.

The Board is committed to its ESG responsibilities and these are embedded in its strategy.

Afentra is committed to equal opportunities and intends to recruit, train, promote and retain skilled and motivated people regardless of gender, race, religion, age, disability, sexual orientation, marital status or ethnic or national origin.

**Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Chairman leads the Company's approach in the key areas including governance, corporate culture and risk appetite. The Chairman is the main point of contact for shareholders and other stakeholder groups.

The CEO has recently been appointed to lead the Company and implement the strategy to focus on value accretive M&A, proven resources and targeting robust cash flow to support sustainable shareholder returns.

A formal schedule of matters reserved for the Board's decision includes acquisitions and disposals, strategic planning, authorisation of major capital expenditure and major contractual arrangements, approval of budgets and financial statements, taking on debt, as well as setting policies for the conduct of business including the remuneration policy of Directors and senior management.

As the Board was only constituted in 2021, the membership of committees will remain under review and is subject to change as the Board evolves.

Details on the composition of, and roles fulfilled by, the Audit Committee, Remuneration Committee and Nominations Committee are set out in paragraph 15 of Part 1 of this document.

In the future a Sustainability, Health, Environment & Safety Committee will be formed for oversight of operations.

**Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Company's website contains information about its business activities and gives access to the Company's Annual Report and Accounts, the Company's previous Notices of Annual General Meetings, and the Company's Memorandum and Articles of Association.

The work of the Audit Committee, Remuneration Committee and Nominations Committee is set out in the Annual Report.

## PART 3

### OVERVIEW OF THE OIL & GAS E&P INDUSTRY IN ANGOLA

#### 1 ANGOLA & OIL'S IMPORTANCE

Angola is located on the west coast of Sub-Saharan Africa. It has a population of 33 million that is growing at 3.2% per year. The country is Sub-Saharan Africa's second largest crude oil producer behind Nigeria with a well-established oil and gas industry. Its economy is still overwhelmingly driven by the oil sector. Production peaked at almost 2 million barrels / day in 2009-10 but has been in decline since with production in 2021 at 1.2 million barrels / day. Historically, investment in the oil sector has been dominated by the majors such as Chevron, ExxonMobil, TotalEnergies, ENI, bp and Equinor.

The oil sector has played a key role in the development of Angola over the last 70 years and the industry still has a significant impact on the Angolan economy. As of 2021, the oil sector accounted for 29% per cent of Angola's GDP, contributed over US\$31 billion to its balance of payments and accounted for approximately 95% of Angola's exports.

In addition to the billions of dollars of revenues and taxes that have flowed directly to the Angolan Government, the oil industry has contributed to the growth of the economy through local employment, training and development of many thousands of workers, purchases of services and goods from local providers and the transfer of knowledge.

#### 2 ANGOLAN PETROLEUM HISTORY

Angola has a proven petroleum system with bitumen and viscous crude oil from seeps used as fuel in Angola for several centuries. Hydrocarbon exploration began in 1910 over an area covering the Lower Congo and Kwanza basins. Early exploration was relatively intense but did not yield any commercial discovery and the second world war paralysed activity. After commercial discoveries in both basins, initial production commenced onshore in 1956 before extending into the shallow water in the 1970's.

New concessions and joint ventures were negotiated from 1966 to 1975 between the Portuguese colonial government and foreign oil companies. Following Angolan independence in 1975, Sonangol was established and by 1979 the fiscal and regulatory framework was in place, a new model contract was published based on a production sharing contract. The civil war from 1975 to 2002 disrupted further exploration but in the 1990's the deepwater was opened up and this has driven the latest phase of development and production with several licensing rounds of varied success in 2005/2006, 2007/2008, 2010/2011, 2013, 2019 and a few ad-hoc awards. Drilling activity has focused on the deepwater and ultra-deepwater over the last 10 years although the 2014 oil price collapse caused a severe decline in activity.

##### *Figure Offshore*

Oil production peaked at just over 2 million barrels of oil per day in 2008-2010 but has declined since to around 1.2 million barrels of oil per day in 2022 due to the maturity of its shallow water and deepwater oil fields and a lack of development projects. TotalEnergies' Kaombo development has offset some of the decline as has Block 15/06 operated by ENI but more developments are needed to bolster supply. Gas has been re-injected in deepwater fields until Angola LNG commenced operation in 2013. Angola has endorsed the World Bank's "Zero Routine Flaring by 2030" initiative and is therefore committed to eliminating routine flaring of gas. A no-flaring policy is typically part of approved field development plans but flaring is permitted in limited circumstances under article 73 of the PAL or when authorised by MIREMPET.

The 5.2 mmtpa (1.1 bcf/d) Angola LNG ("ALNG") plant is located in northern Angola. ALNG is fed by associated gas from Cabinda areas A&B, Blocks 14,15,17,18, 31 and 32 via a network of gas pipelines with hubs in each block. ALNG use of associated gas as the primary feed source is unlike most other LNG projects. As a result, the plant contributes significantly to elimination of flaring in Angola allowing for the development of offshore oil reserves in an environmentally friendly manner.

The majority of crude is tanker loaded for direct export. The remainder is piped onshore to a terminal in Cabinda. There are eleven different crude blends with Block 3 fields used as feedstock

to the 40,000 bo/d Luanda refinery. A 60,000 bo/d refinery is being built in Cabinda and 200,000 bo/d refinery is being built at Lobito.

#### *Figure Oil production history*

Angola has ~15bboe (Woodmackenzie, 2020) of discovered resources of which 4.5 bbo are onstream, under development or to be developed. It ranks as the 4th largest oil reserve holder among Africa countries.

### **3 THE ANGOLAN REGULATORY REGIME**

#### ***The general legal framework in Angola as it relates to exploitation and production companies***

Ownership of petroleum resources is vested in the State of Angola.

The Block 3/05 PSA, Block 3/05A PSA and Block 23 PSA were entered under the Petroleum Activities Law, approved by Law 10/04, of 12 November 2004 (“**PAL**”), as amended, currently also subject to the Petroleum Operations Regulation, approved by Decree 1/09, of 27 January 2007 (“**POR**”). Without prejudice to other applicable legislation, the PAL and the POR are governing regulations in the petroleum sector of Angola.

The PAL establishes that the exploration and production of hydrocarbons may be carried out under PSAs, which shall define the area of the exploration permits, their duration, the modalities of exploration and production works, and the rules for sharing the production. PSAs also provide the applicable economic, financial, fiscal and customs rules, as well as the rights and obligations of the contractor group, which shall be construed alongside the special legal framework applicable to the petroleum sector (e.g. tax, customs, foreign exchange etc.). PSAs are to be signed by each member of the contractor group and the National Concessionaire and approved by a concession decree.

The official price of crude oil is set by the State of Angola and shall reflect the market price at the time.

The National Concessionaire is a State of Angola-owned petroleum company. This role is currently vested in the National Agency for Petroleum, Gas and Biofuel (*Agência Nacional de Petróleo, Gás e Biocombustíveis*), also referred to as “**ANPG**”. Prior to the creation of ANPG in 2019, the role of National Concessionaire was vested in Sonangol EP. The National Concessionaire is responsible for the exploration and production of petroleum and all related or associated substances. The National Concessionaire may decide to pursue such exploration and production activities alone or in association with other entities (e.g. through a PSA or other formats allowed under the PAL). The National Concessionaire is also responsible for all financial operations related directly or indirectly to the petroleum industry, ensuring the commercialisation, importation, exportation and distribution of all or part of the petroleum products, and managing most participations of any nature whatsoever relating to petroleum on behalf of the State of Angola, alone or in association with other entities. Sonangol EP holds and is expected to continue holding (through its subsidiaries) participating interests in petroleum concessions in Angola, although it no longer fulfils the role of National Concessionaire.

Any petroleum permit holder is liable for damage caused by its activity which is not limited to the perimeter of the permit nor to the validity period of that permit, and, therefore, must subscribe to one or more insurance policies covering all the anticipated risks. The operator may be responsible for petroleum operations and specific duties under the law and petroleum agreements, but generally responsibility is allocated to the contractor group for a permit in accordance with their respective participating interests. In Angola, JOAs typically have an exception whereby the operator is responsible for wilful misconduct or gross negligence, which can focus liability on the operator in such cases.

Entities carrying out petroleum activities on the territory of Angola are required to adhere to, and implement, all the rules, directives and instructions defined by the State of Angola, as part of its local content requirements, as well as to implement all regulations concerning quality, health, hygiene, security, safety and environment, in accordance with the Angolan legal requirements. The State of Angola requires a policy of training and employing the national human resources of the sector, by giving priority to the hiring of Angolan nationals with the required level of skills and qualifications (where available).

The contractor party is liable for the following tariffs, duties, taxes and contributions:

- Petroleum Income Tax (PIT) – payable on the actual profit computed in accordance with the rules established in Law 13/04, of 24 December 2004. Under PSAs, PIT is payable per development area, on profit oil attributed to each oil company, less the oil shared with the National Concessionaire. The rate for PIT is 50% for PSAs (with the possibility of a rate reduction to 35% under the Presidential Decree 3/12 of 16 March 2012);
- Petroleum Production Tax (PPT) – In addition to the PIT, oil companies operating as partners of Sonangol on concession agreements must pay a production tax on an annual basis. The flat rate of 10% or 20% on the officially controlled crude oil output or sales per year. Petroleum and other substances produced under PSAs are not subject to this tax;
- Petroleum Transaction Tax (TTP) – TTP is levied at a rate of 70%. Petroleum and other substances produced under PSAs are also not subject to this tax. TTP is a tax determined at the time of the petroleum transaction and it is assessed provisionally on a monthly basis until the last day of the month following the month in which the oil withdrawals occur. In definitive terms, the TTP assessment must be made during the month of March of the year following the year to which the tax relates (through Model 3 submission). The provisional assessments must be paid within the period established for provisional assessment and the payment of the final settlement shall be made within 30 days of the date of notification of the final settlement. TTP is calculated on the basis of the taxable income determined for PIT purposes, to which the following deductions are made:
  - Production premium – on crude oil and liquid gas volumes (for example a unit value per barrel sold subject to annual update based on variation of consumer price index or internal rate of return); and
  - Investment premium – corresponds to a given percentage of the amounts invested from the beginning of production and which were capitalised in each fiscal year.

The production premium and investment premium should be fixed in the respective concession diplomas.

The TTP is deductible for the purpose of PIT.

- Surface Charge – is due at an annual amount of US\$ 300 per km<sup>2</sup>. This charge is payable in the month following the month in which either a concession is granted or a commercial discovery is declared, respectively for areas of the concession granted or declared development area; and
- Training Levy (“*Contribuição para a formação de quadros angolanos*”) – oil companies are required to pay a training contribution to the Angolan State to assist in the financing for training Angolan individuals (Article 57 of the Law 13/2004, of 24 December 2004). The training levy is imposed differently for oil companies (and depending on the phases of the petroleum activities carried out) and for the suppliers of goods and services to oil companies. Decree-Law 17/09, of 26 June 2009, defines the amount of the levy for the training of Angolan personnel, as well as other rules, including collection thereof.

These taxes are paid by the operator on behalf of the contractor group. However, the contractor group’s members are jointly liable for these payments. The calculation of the taxable income and the taxes assessment shall be made entirely autonomously and independently of each other, by reference to each development area in which the associates of the National Concessionaire have interests (expenses incurred with exploration under a PSAs are communicable). In addition, in relation to their activities in the Concession Area, the associates of the National Concessionaire which belong to the contractor group are usually excluded from any other taxes, obligations, fees or contributions, of whatever nature, whether ordinary or extraordinary, national, provincial or municipal, present or future, except for the “*ad valorem*” statistical rate of one per thousand and the Stamp Duty on customs clearance documents. It should be noted that other general taxes may be applicable if the complementary activities to petroleum operations, carried out by the operators, fall within the scope of any other tax or fee.

All petroleum activities carried out by the contractor group are subject to VAT at a rate of 14%. When applicable, the contractor group shall be entitled to a reimbursement of all VAT on local purchases of goods and services of any kind, subject to the provisions of the VAT Code approved

by Law 7/19, of 24 April 2019. If a credit is computed for more than three months and its amount is higher than Kz 300,000.00, a refund may be requested. Refunds shall be analysed by the Angolan Tax Authorities up to the end of the third month following the reimbursement request. After this deadline, if the credit is due, the taxable person can request the settlement of compensatory interest. Once confirmed, the reimbursement is granted: (i) in cash or tax credit certificate to be issued by the Angolan Tax Authorities or (ii) when the taxable person has any tax debt a compensation is made.

Within petroleum contracts, the contractor group, and all third parties acting on its behalf, benefit from a share of all oil produced on the respective contract area and may, on the terms set forth in each PSA and associated contracts, lift and freely use such share of production.

All petroleum activities on Angolan territory are exclusively governed by the laws and regulations in force in Angola.

***The process for obtaining exploration and production licences (including details of any approvals of permits required and local content requirements)***

Access to the petroleum sector is by way of public tenders or direct consultation. The National Concessionaire is the holder of the mining rights in Angolan territory. According to the PAL and Presidential Decree 86/18, of 2 April 2018, when the National Concessionaire intends to carry out petroleum operations in a determined area, the Angolan Government may, at the request of the National Concessionaire, directly grant the concession. However, if the National Concessionaire intends to associate with third parties, it is required to launch a public tender procedure for such purpose.

In accordance with the PAL, third party associates of the National Concessionaire may be confirmed through direct negotiation with the National Concessionaire if a public tender has been conducted in accordance with the PAL and: (i) the concession has not been attributed due to no bids being presented; or (ii) the concession has not been attributed due to the bids being unsatisfactory in relation to the adjudication criteria.

There are several forms of petroleum contracts provided for in the PAL, however this summary focuses on the PSAs.

PSAs grant the contractor group the exclusive right to carry out petroleum activities.

In all PSAs, the National Concessionaire is entitled to purchase Crude Oil out of contractor group's share of Profit Oil at the Market Price. The contractor group is entitled to the recovery of oil costs which it has incurred and regarding petroleum operations within the zones of production of a PSA by taking a portion of the production of petroleum coming exclusively from these zones. The cumulated oil costs are recovered by the contractor group according to the terms defined in the PSA.

***The process for transferring any exploitation, production or exploitation rights (including any statutory rights or first refusal or pre-emption)***

The rights and obligations of the contractor group in PSAs are transferable, subject to the approval of MIREMPET. The request for authorisation of the transfer must include the participation that the third-party assignee will have in the contract and must be submitted to National Concessionaire for prior approval of the transaction documents.

The transfer of quotas or shares representing more than 50% of the share capital of the entity holding the participating interest is assessed under the PAL as a transfer of contractual position.

In the case of a transfer to an entity which is not an affiliate, the National Concessionaire, national associates holding the status of national enterprise under the PAL, and Sonangol EP have pre-emption rights.

All transfers are subject to the relevant and applicable tax rules.

All transfers that violate the provisions of the PAL or the PSA are deemed null and void.

The transfer or assignment of rights and obligations arising from a petroleum contract, whether operated by way of sale, contribution, assignment or any other method, as well as by a change of control, are not subject to a specific transfer tax, while the profits or capital gains realised are

included in the general computation of profits subject to taxation under the general terms established in Law 13/04, of 24 December 2004 referred above.

***The circumstances in which such licences may be revoked or cancelled by any regulatory body***

The concession is extinguished by (i) agreement between the State of Angola and the National Concessionaire, (ii) rescission, (iii) resignation of the National Concessionaire; (iv) redemption or (v) expiration:

- Mining rights may be extinguished by agreement between the State of Angola and the National Concessionaire, upon the latter's request in which the technical or economic unfeasibility of oil production in the contract area is demonstrated, on a reasoned basis the technical or economic unfeasibility of oil production in the Concession Area (article 52 of the PAL);
- The Government may terminate the concession based on the following grounds (article 56 of the PAL):
  - Unjustified failure to carry out petroleum operations under the terms set out in the approved plans and projects;
  - The abandonment of any petroleum deposit without the prior authorisation from the MIREMPET;
  - Serious or repeated violations in the execution of petroleum operations; or
  - The intentional extraction or production of any mineral not covered by the object of the concession;
- The National Concessionaire may resign all or part of the contract area at any time during the production period by giving one year's notice to the MIREMPET, provided that it has fully complied with all its legal and contractual obligations up to the date on which the relinquishment becomes effective (article 54 of the PAL);
- Concessions may be totally or partially redeemed by the State of Angola, upon proposal of the MIREMPET for reasons of public interest, upon payment of fair compensation under the general terms of law (article 55 of the PAL);
- Expiration occurs upon (article 56 of the PAL):
  - End of the exploration period or of their extensions;
  - Extinction of the National Concessionaire; or
  - Verification of a resolute condition when provided for in the Concession Decree.

Upon termination of the concession, all equipment, instruments, installations, and any other assets acquired for the performance of the petroleum operations, as well as all information of a technical and economic nature prepared during execution of such operations shall revert free of charge to the National Concessionaire (article 57 of the PAL).

Exploration licences are extinguished by (i) rescission; (ii) resignation and (iii) expiration (article 40 of the PAL):

- According to article 41 of the PAL, the prospecting licence may be terminated by the MIREMPET, upon consulting the National Concessionaire, in the following cases:
  - The licensee fails to comply with its legal obligations or those imposed by the license;
  - Force majeure occurs of a definitive nature which makes it impossible for the licensee to fully comply with the obligations undertaken;
- The licensee may resign from the licence, provided that all its legal obligations or obligations imposed by the licence have been fulfilled by the date on which the surrender becomes effective (article 42 of the PAL);
- The expiration of the licence occurs with (i) term of their period of validity; (ii) the termination of the licence holder; and (iii) the verification of a resolute condition when provided for in the licence.

### ***Domestic market obligations and restrictions on the export of oil or gas***

The Angolan Government may require the National Concessionaire or the contractor group to deliver part of the production oil destined for domestic market needs to be defined by the State of Angola, up to 40% of total production of Angola. The price of petroleum intended for the satisfaction of the needs of the national industry is calculated in accordance with the provisions on the valuation of oil for tax purposes and is to be paid in an internationally convertible currency.

The use of natural gas in petroleum operations is mandatory and flaring natural gas is expressly prohibited, except for a short period of time, and when required for testing or other operational reasons.

### ***The regulatory regime for the transportation, transmission and distribution of oil and gas***

The Petroleum Products Regulatory Institute has the authority to authorise the construction of transportation infrastructures, as well as their operation. The rules of construction, operation and security for such infrastructure, as well as their modalities of access, are established through implementation of the legislation.

### ***The regulatory regime for third party access to the oil and transportation infrastructure***

Operators of transport networks and storage infrastructure must guarantee freedom of access to third-party users and respect the principles of price transparency, equal treatment, and non-discrimination, within the limits of the available capacities of these networks and subject to the priority of access of the operators of mentioned networks.

### ***Disclosure obligations***

Any person conducting petroleum activity in Angola shall keep confidential the data or information of a technical and economic nature provided by the licensees, the National Concessionaire, and their associates. Information that must be provided to other entities by force of law, namely for budgetary, accounting, and statistical purposes are excluded from this obligation.

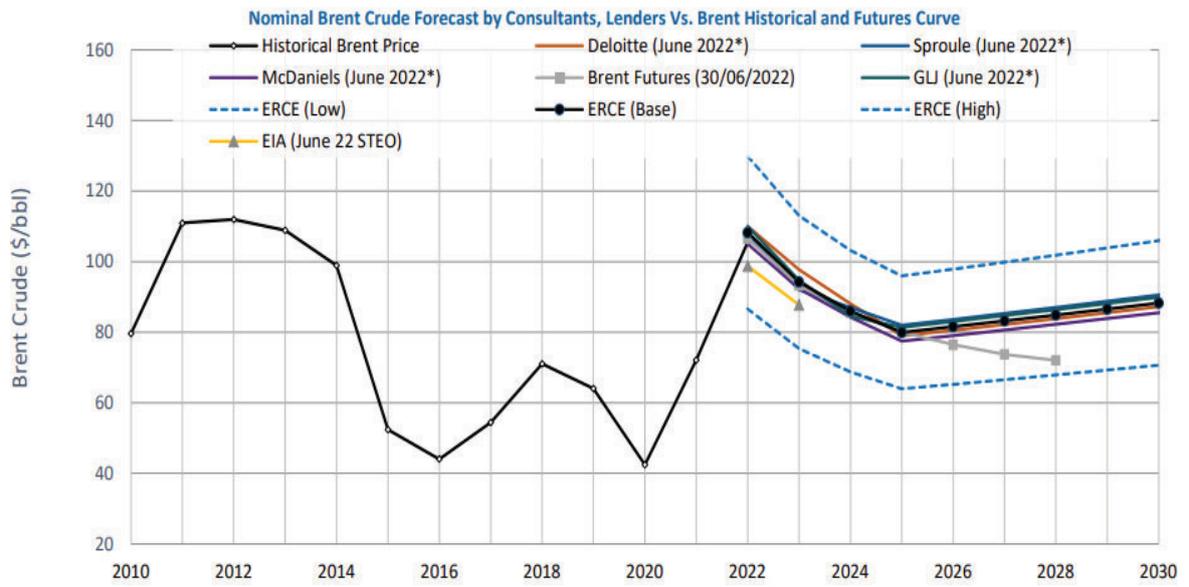
Failure to comply with disclosure obligations constitutes an infraction for which a penalty may be imposed. Termination of the licence or concession terminates the disclosure obligations without prejudice to surviving confidentiality obligations which are generally set in the PSAs or JOAs.

## **4 GLOBAL ENERGY TRENDS AND OUTLOOK**

As the impact of the Covid-19 pandemic abated during H2 2021 and economies began to lift restrictions, global economic activity rebounded, leading to a resurgence in global demand for oil and gas, resulting in a considerable improvement in the commodity price environment and overall confidence in the market. Since February 2022, the invasion of Ukraine by Russia and the ensuing conflict has exerted further short term upward pressure on energy prices as the supply of Russian oil to the market has been severely reduced. The Daily Average Brent Price peaked at \$123/bbl at the beginning of June 2022 and although prices have eased off recent highs, it continued to average US\$109/Bbl throughout July 2022.

In the short and medium term, the direction of oil prices will continue to be driven by supply and demand. Although the supply of oil from Russia will remain significantly reduced for the foreseeable future, OPEC has agreed to boost production by 648,000 bopd in August 2022 and at its meeting on 3 August 2022, adjusted upward the production levels for OPEC and non-OPEC Participating Countries by a further 100,000bbls/d for the month of September. Turning to the demand side, the International Monetary Fund believes that the economic consequences of the war in Ukraine could result in a reduction in global economic growth in 2022. This, together with actions that could be taken by governments and central banks to combat recent inflationary pressures and the risk of a resurgence in Covid-19 case numbers, has the potential to dampen oil demand.

In the long term, peak oil demand and the energy transition will continue to drive the direction of oil demand and prices. Although oil demand has so far remained resilient, other than a brief period of decline during the Covid-19 pandemic, some bodies (such as the International Energy Agency) are projecting that oil demand might have already peaked. Other projections suggest that demand may peak within the next decade. A very few bodies, notably OPEC, do not expect oil demand to plateau until around 2040. While energy transition remains in focus, there appears now also to be a focus on resilience and energy security which may have an impact both on supply and demand.



\*Publication date

**Figure 3.1 – Brent crude oil price deck: Historical Brent price & forecasts (Source: ERCE – Energy Review Q3 2022)**

## PART 4

### RISK FACTORS

In addition to the other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company.

This document contains certain forward-looking statements, which have been made after due and careful enquiry and are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in this Part 4. The Board believes that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

Factors that might cause a difference include, but are not limited to, those discussed in this Part 4. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such forward looking statements in the document to reflect future events or developments.

However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority.

If any of the following risks were to materialise, the Enlarged Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of their investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deem immaterial, may also have an adverse effect upon the Enlarged Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Enlarged Group.

#### RISKS RELATING TO THE ACQUISITIONS

##### The Acquisitions may not complete

Sonangol Completion is subject to the satisfaction of the Sonangol CPs. The Sonangol CPs must be satisfied by 20 October 2022 or the Sonangol Acquisition Agreement may be terminated. There is a risk that the Sonangol CPs will not be satisfied on a timely basis (in which case, Afentra Angola will seek to agree an extension to the longstop date with Sonangol) or at all. If such conditions are not satisfied, or, where applicable, not waived, the Sonangol Acquisitions will not be completed. Should the Sonangol Acquisitions not receive shareholder approval and therefore the GM Condition is not satisfied, the Sonangol Acquisitions will not proceed. In the event that the GM Condition is satisfied but the other Sonangol CPs are not satisfied following the General Meeting, the Sonangol Acquisitions will not be implemented.

Further, as described in paragraph 3 of Part 1 of this document, in addition to the Sonangol CPs, Sonangol Completion is subject to the waiver or lapse of certain pre-emption rights and approval by APNG.

INA Completion is subject to the satisfaction of the INA CPs. The INA CPs must be satisfied by 18 March 2023 or the INA Acquisition Agreement may be terminated. There is a risk that the INA CPs will not be satisfied on a timely basis (in which case, Afentra Angola will seek to agree an extension to the longstop date with INA) or at all. If such conditions are not satisfied, or, where applicable, not waived, the INA Acquisitions will not be completed.

##### Ministerial Approval of the Acquisitions

The Acquisitions require ministerial approval by MIREMPET. Ministerial activity in Angola ceased in July 2022 to permit a period of campaigning in advance of the Angolan general election which will

take place on 24 August 2022. The civil service staff of MIREMPET will not cease their activities and ministerial approval will be sought on the resumption of ministerial activity in September 2022. The Company has held meetings with Sonangol, ANPG, and MIREMPET during which the respective parties estimated that receipt of ministerial approval would take place in October 2022. The ministerial approval is not an express condition to completion of the Acquisitions, but the Board has no reason to believe such approval will not be forthcoming, and, further, the Board believes that the publication of an executive decree by MIREMPET (which is an INA CP and a Sonangol CP) effectively indicates approval of the Acquisitions.

Each of the Acquisitions is also subject to approval by APNG (receipt of which is both a Sonangol CP and an INA CP).

The Block 23 PSA has an expiry date of 31 December 2022. The Company intends to comply with its obligations under the Block 23 PSA and seek a licence extension from the National Concessionaire. In the event that such an extension cannot be agreed, the Company does not consider loss of the Block 23 Interest to be a material risk. The Block 23 interest is primarily exploratory in nature, activity which the Company does not consider to be its core interest.

### **Afentra Angola may not acquire all the Target Assets**

The Acquisitions are not inter-conditional. In the event that a Sonangol CP cannot be satisfied and Sonangol Completion does not occur, INA Completion will still occur (subject only to satisfaction of the INA CPs). In the event that an INA CP cannot be satisfied and INA Completion does not occur, Sonangol Completion will still occur (subject only to satisfaction of the Sonangol CPs).

### **The Enlarged Group may not acquire the full Block 3/05A Interest**

The INA Acquisition Agreement provides for the acquisition by Afentra Angola of the Block 3/05A Interest; however, the acquisition of 1.33% of the Block 3/05A Interest is subject to China Sonangol's exit from the Block 3/05A PSA in accordance with the Block 3/05A JOA and the subsequent re-allocation of China Sonangol's interest *pro rata* among the other members of the Block 3/05A contractor group. There is therefore a risk that, even if INA Completion occurs, the Company will acquire only 4% of the Block 3/05A Interest. The INA Acquisition Agreement provides for a proportionate reduction in the consideration payable by Afentra Angola to INA in the event that risk materialises.

### **Due diligence on the Target Assets may not have uncovered all potential issues and liabilities**

The Company has carried out detailed due diligence on the Target Assets, however, the due diligence carried out may not have revealed all defects in the physical condition or ownership of the Target Assets. This is particularly a concern with aged infrastructure, as is the case for the Block 3/05 Interest. Whilst the Acquisition Agreements provide some contractual protection as to the ownership and condition of the Target Assets, there is no guarantee that the Company will be able to recover all or a substantial proportion of any losses suffered. Hence there is a risk that once acquired, the Target Assets do not perform as expected. A material level of defects could have an adverse impact on the Enlarged Group's ability to implement its business plan and could adversely impact the Enlarged Group's ability to realise the benefits of the Acquisitions or delay their realisation.

Previous environmental audits in respect of the Target Assets have identified certain areas of environmental non-compliance. It is possible that the Company's due diligence has not identified all potential issues in this area and, while Sonangol has confirmed it is taking corrective actions to address its non-compliance, the Company has been informed that such actions are still ongoing. It also appears from SLR's ESG due diligence that an independent human rights risk assessment has not been conducted by Sonangol. The Company intends to work with Sonangol following completion of the Acquisitions to ensure the corrective actions for these non-compliance findings are addressed.

As Block 23 is in the exploration phase and as there is no ongoing work programme, no trading results or cashflow estimates were made available to the Company or its advisors by Sonangol during the due diligence exercise in respect of the Block 23 Acquisition.

### **The Enlarged Group may not be able to fully realise the benefits of the Acquisitions**

The Enlarged Group's success will partially depend upon the Company's ability to integrate the Target Assets, which is expected to be relatively straightforward given they are minority, non-operational interests. The Target Assets will be significant acquisitions for the Company and this integration may divert management's attention from other operational matters and raise unexpected issues and may take longer or prove more costly than anticipated. Although the Directors believe that such disruption is unlikely, issues may come to light during the course of integrating the Target Assets into the Enlarged Group that may have an adverse effect on the financial condition and results of operations of the Enlarged Group. There is no assurance that the Company will realise the potential benefits of the Acquisitions. The Enlarged Group's success will partially depend on there being no adverse change in the Target Assets between the date of this document and the completion dates of the Acquisitions.

### **Joint venture partner alignment and other contractual counterparties**

The Enlarged Group will be a holder of certain minority economic interests in the underlying assets and is not the operator of any of the acquired interests. Participation in the Target Assets is conducted in a joint venture environment, which often involves governmental counterparties. All of the Target Assets are operated by joint venture partners and the Enlarged Group's ability to influence certain of these operating partners may be limited due to the Enlarged Group's limited working interest and lack of operatorship in such ventures. There is a risk that joint venture partners are not aligned in their objectives and drivers and this may lead to operational or production inefficiencies or an inability to increase production levels as desired and/or delays, or a disruptive departure by one or more partners from the joint venture. There is a liability due by Sonangol of US\$5.8m arising from the historic late payment of a cash call under the Block 3/05 JOA by Sonangol in its capacity as a joint venture partner. The liability arose prior to the effective date in the Sonangol Acquisition Agreement so remains a liability of Sonangol. There is also the risk that a joint venture partner may default in its obligations under a JOA (or other contractual arrangements relating to the Target Assets) and in some cases, such default could result in additional costs and liabilities accruing to the Target Group which may not always be recoverable. It is not certain that a counterparty will itself not default on its obligations or, in the case of a governmental counterparty, that a state or local government will assume liability for the obligations of a governmental counterparty in the event of default. Any mismanagement of these projects by the operator may result in increased costs to the Enlarged Group which could adversely affect its business, results of operations, cash flow and prospects. The work programme and budget for Block 3/05A was rejected by the contractor group. Sonangol is required to present an updated version of the work program and budget for approval by the contractor group.

### **Aged Infrastructure**

The majority of the oil and gas installations and infrastructure of Block 3/05 have been in production for over 35 years and due to their age, there has been some degradation in terms of the condition of the infrastructure on the Block.

Technical problems, additional costs, and health and safety and environmental issues may be more likely occur from time to time during the petroleum operations on Block 3/05 as a result of the long life of the infrastructure and the continuing need to repair and update equipment. In the event that the operator of Block 3/05 does not carry out effective maintenance and upgrades of the infrastructure this may have an impact on the Company's interest in Block 3/05 and the economic life of the fields in Block 3/05.

### **Sanctions and bribery/corruption related risks**

NIS holds a 4% interest in Block 3/05. Gazprom Neft holds 56.15% of NIS' share capital. Gazprom Neft is currently subject to US, EU and UK sanctions. Whilst the sanctions risk for the Company proceeding is assessed to be low for a number of reasons, there is a risk that Gazprom Neft (along with other Russian entities) may be the subject of additional sanctions in the future, including potentially being made the subject of an asset freeze which would prevent any dealings with them. If Gazprom Neft was made the subject of an asset freeze, any company which Gazprom Neft had a 50% or greater holding in or over which it exercised control would also effectively be sanctioned. With respect to Block 3/05, any asset freeze imposed against Gazprom Neft would mean that NIS

would effectively be sanctioned (due to Gazprom Neft having a 56.15% stake in NIS) and NIS' shareholding in Block 3/05 (amounting to 4%) would be frozen and could not be sold. As NIS only has a 4% interest in Block 3/05, the Block itself would not be sanctioned, however, there could be practical problems in that some suppliers may refuse to supply equipment for use on the Block, some counterparties may refuse to buy oil from Block 3/05 due to the connection with Gazprom Neft, and banks may be concerned about processing payments connected with Block 3/05. These would be decisions based on risk appetite rather than the application of sanctions and the Company anticipates the challenges would be capable of being navigated and managed.

Sonangol reportedly holds 20% of the share capital of an indirect subsidiary of PdVSA. PdVSA is currently subject to US sanctions. As such, Sonangol appears to have an interest in a company (PV) that is blocked by US sanctions. This does not mean that Sonangol is blocked (or sanctioned). It could nevertheless create indirect sanctions risk if Sonangol were to breach US sanctions in its conduct relating to PdVSA and OFAC were to decide to take action against Sonangol. The Company has adopted extra precautions to ensure that Sonangol is not sanctioned at any time when the Company transacts with Sonangol.

Sonangol EP (the owner of Sonangol) has been subject to corruption allegations for decades, with government officials and high ranking Sonangol EP employees alleged to have benefitted from Sonangol EP's seemingly opaque financial reporting, transactions in which there were suspected conflicts of interest and the alleged direct misappropriation of funds from Sonangol EP. The allegations in the media have largely placed Sonangol EP as the victim of actions taken against the interests of the company by employees and officials (as opposed to Sonangol EP being the perpetrator of the wrongdoing). The extent of adverse allegations in the media has significantly lessened in the last 5 years and there is evidence that Sonangol EP is taking steps to develop and enhance an anti-bribery and corruption programme to enhance its internal governance and controls.

#### **Risks relating to the Block 3/05 PSA**

As noted above the Sonangol CPs include a requirement for the National Concessionaire's agreement in writing to an extension to the term of the Block 3/05 PSA to not earlier than 31 December 2040. It is also understood from publicly available information that certain Block 3/05 PSA conditions are currently under review, principally in relation to tax matters and the production period. All amendments to the Block 3/05 PSA will only be effective if (1) approved by means of a presidential decree or dispatch issued by the President of Angola or (2) exclusively related to the extension of an exploration licence which has been approved by decree of the Minister of Petroleum. The Board has no reason believe an extension of the Block 3/05 PSA will not be granted, however this cannot be guaranteed. It is possible that the relevant Sonangol CP could be satisfied without the extension of the Block 3/05 PSA actually becoming effective as the approval of the National Concessionaire does not bind or oblige the consequent approval by the President of Angola or the Minister of Petroleum. However, the Board believes it is unlikely that such approval will not be forthcoming.

#### **Risks relating to delayed, reduced or cancelled oil liftings and consequential impact on the Enlarged Group in realising revenues**

The timings of each oil lifting in respect of Block 3/05, and consequently the revenues realised by the Company at the time of the lifting, are dependent on the Palanca lifting agreement administered by the operator, Sonangol, and the quantity of barrels held in inventory by the Company at that time. Liftings can be infrequent. At the time of any proposed lifting, the Enlarged Group may also be either in an overlift or underlift position. If the Company is in an overlift position in relation to its oil liftings it is unlikely to be eligible to lift from cargo and will need to wait until the block has produced more oil and its allocation of inventory has increased. As a result, less frequent and/or lower revenues would be received by the Enlarged Group.

In the event that the Company's lifting is delayed, reduced or cancelled, the Company's realisation of revenue will also be delayed or reduced. There are numerous factors which could cause delays or reductions in the quantity of liftings, including availability of equipment and demand for services or if the Company is in an overlift position and ineligible to lift.

The Company intends to utilise the Working Capital Facility to help alleviate any financial strain placed on the Enlarged Group as a result of delayed, reduced or cancelled liftings. The Directors

believe the Company will become less reliant on the Working Capital Facility to smooth out revenues from liftings as the Enlarged Group performs liftings.

## **RISKS RELATING TO THE ENLARGED GROUP**

### **Risks relating to the Enlarged Group's activities and the oil and gas industry**

There are numerous factors which may affect the success of the Enlarged Group's business which are beyond its control including local, national and international economic, legal and political conditions. The Enlarged Group's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome.

### **Prospective investments and growth strategy execution risks**

The Enlarged Group may seek to acquire additional assets in the future and there can be no assurance that such assets will be available at an acceptable price, or at all. Whilst the Enlarged Group is initially focused on the Target Assets, it may seek to further expand its operations and therefore may expend significant costs on, *inter alia*, conducting due diligence into potential investment opportunities in further businesses, assets or prospects/projects that may not be successfully completed or result in any acquisition being made. Such failure to complete or acquire, could have a material adverse effect on its business, operating results and financial condition.

### **Success of the Enlarged Group's stated acquisition strategy not guaranteed**

Returns ultimately achieved by investors in the Enlarged Group will be reliant upon the quality and performance of any future assets being acquired directly or indirectly by the Enlarged Group as well as the Target Assets. The success of the Enlarged Group's stated strategy also depends on the Directors' ability to identify potential acquisition targets, and to acquire assets on favourable terms and to generate value from the assets. No assurance is given that the strategy to be used will be successful under all or any market conditions nor that the Enlarged Group will be able to invest its capital directly or indirectly to acquire assets on attractive terms and to generate returns for investors.

### **Issues resulting from limited due diligence on future acquisitions**

The Enlarged Group may, in the future, acquire directly or indirectly additional oil and gas assets. The Enlarged Group intends to perform a review in respect of any potential assets prior to such acquisitions. Although it is intended that any such review would be consistent with industry practice, such reviews are inherently incomplete. Even an in-depth review of assets and records may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the assets to assess fully their deficiencies and capabilities.

Such acquisitions may cause the Enlarged Group to expend costs on, *inter alia*, conducting due diligence into potential investment opportunities in further businesses, assets or prospects/projects that may not be successfully completed or result in any acquisition being made, which could have a material adverse effect on its business, operating results and financial condition.

### **The Enlarged Group will not be operator of the Target Assets**

As the Enlarged Group will not act as operator in respect of the Target Assets, the Enlarged Group will generally have limited control over the day-to-day management or operations of such interests and will therefore be dependent upon the third party operator(s). A third party operator's management of an asset may result in failure to meet the expected timetable, significant delays or materially increased costs to the Enlarged Group. The Enlarged Group's return on assets operated by others will therefore depend upon a number of factors that may be outside the Enlarged Group's control, including the timing and amount of capital expenditures, the operators' expertise and financial resources, the approval of other participants, the selection of technology and risk management practices. Generally, a failure by any licence partner (whether the operator or otherwise) to fulfil its financial obligations may increase the Enlarged Group's exposure related to the licence in question. Any significant increase in costs as a consequence of joint and several liabilities may materially adversely affect the financial condition of the Enlarged Group.

## **Joint and several liability of Contractor Parties**

In respect of the liability regime pursuant to oil and gas interest documentation (including the Block 3/05 PSA) to which the Enlarged Group will be party, there are circumstances where each of the parties thereto is subject to joint and several liability. In the event that any claim is made against the Enlarged Group, it is made on a joint and several basis which may have a material negative impact on the Enlarged Group.

## **Financial resources**

The Group will finance the Acquisitions through a combination of existing cash resources and the Acquisition Facility. The Enlarged Group may require additional funds to fund exploration and development commitments and, in addition to the Working Capital Facility, may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of Ordinary Shares and any debt financing beyond the existing facilities, if available, may require restrictions to be placed on the Enlarged Group's future financing and operating activities. The Enlarged Group may be unable to obtain additional financing beyond the existing facilities on acceptable terms or at all if market and economic conditions, the financial condition or operating performance of the Enlarged Group or investor sentiment (whether towards the Enlarged Group in particular or towards the market sector in which the Enlarged Group operates) are unfavourable. The Enlarged Group's inability to raise additional funding may hinder its ability to grow in the future or to maintain its existing levels of operation.

The Enlarged Group's access to debt, equity and other financing as a source of funding for operations and for refinancing maturing debt will also be subject to many factors, including the cash needs of the Enlarged Group and the then prevailing conditions in the financial markets, including in the corporate bond, term loan and equity markets.

The Enlarged Group's ability to meet its obligations under its indebtedness, including making principal, interest and other payments when due, as well as its ability to fund ongoing business operations, will depend upon future operating performance and the Enlarged Group's ability to generate cash or to raise additional financing in the future, which, in turn, will be affected to some extent by general economic conditions and by financial, competitive, legislative, regulatory and other factors, including those factors discussed in this Part 4 and elsewhere in this document.

If, on the maturity date of any of the indebtedness, the Enlarged Group does not have sufficient cash flows from operations and other capital resources to repay and/or redeem the debt in full or pay other debt obligations, as the case may be, the Enlarged Group may be required to undertake alternative financing plans, such as refinancing or restructuring the debt, selling assets, reducing or delaying capital investments or raising additional debt or equity financing in amounts that could be substantial or on unfavourable terms.

In the longer term, if the Enlarged Group was unable to generate sufficient cash flows to satisfy its debt obligations or to refinance its indebtedness on acceptable terms, or at all, it would materially and adversely affect its business, prospects, financial condition and results of operations, as well as its ability to pay the principal and interest on its indebtedness. Any failure to refinance its indebtedness, on or prior to the applicable maturity date, may result in the Enlarged Group defaulting on such indebtedness.

## **Debt financing risk**

The Company's ability to complete the Acquisitions is contingent on it having access to funding under the Acquisition Facility. Entry into the Acquisition Facility will increase the Group's borrowings and debt service obligations. The Enlarged Group expects that borrowing will continue for the foreseeable future. The Enlarged Group expects that indebtedness may reduce over time, however, the degree to which the Enlarged Group continues to be leveraged could have important consequences for the business, including:

- making it more difficult for the Enlarged Group to satisfy its obligations with respect to its indebtedness;
- restricting the Enlarged Group's ability to make strategic acquisitions or pursue other business opportunities;

- together with the financial and other restrictive covenants under the terms of the indebtedness, limiting the Enlarged Group's ability to obtain additional financing or incur further financial indebtedness other than as permitted by the terms of the indebtedness;
- restricting the Enlarged Group from selling or otherwise disposing of the assets;
- limiting the Enlarged Group's flexibility in planning for, or reacting to, changes in the business and the industry in which it operates;
- placing the Enlarged Group at a competitive disadvantage compared to competitors that have less debt; and
- increasing the Enlarged Group's cost of borrowing.

Any of these consequences or events could have a material adverse effect on the Enlarged Group's ability to satisfy the debt obligations. The Enlarged Group's substantial leverage could materially and adversely affect the business, financial condition and results of operations and prevent the Enlarged Group from servicing payment obligations under the indebtedness. The Enlarged Group will require cash to meet obligations under its indebtedness and sustain the business operations, and the Enlarged Group's ability to do so will depend on many factors beyond its control. The Enlarged Group's ability to meet its obligations under its indebtedness, including making principal, interest and other payments when due, as well as its ability to fund ongoing business operations, will depend upon future operating performance and the Enlarged Group's ability to generate cash, which, in turn, will be affected to some extent by general economic conditions and by financial, competitive, legislative, regulatory and other factors, including those factors discussed in this Part 4 and elsewhere in this document.

If, on the maturity date of any of the indebtedness, the Enlarged Group does not have sufficient cash flows from operations and other capital resources to repay and redeem the debt in full or pay other debt obligations, as the case may be, the Enlarged Group may be required, subject to applicable restrictions, to undertake alternative financing plans, such as refinancing or restructuring the debt, selling assets or raising additional debt or equity financing in amounts that could be substantial or on unfavourable terms. The Enlarged Group's access to debt, equity and other financing as a source of funding for operations and for refinancing maturing debt will also be subject to many factors, including the cash needs of the Enlarged Group and the then prevailing conditions in the financial markets, including in the corporate bond, term loan and equity markets. In the longer term, if the Enlarged Group were unable to generate sufficient cash flows to satisfy its debt obligations or to refinance its indebtedness on acceptable terms, or at all, it would materially and adversely affect its business, prospects, financial condition and results of operations, as well as its ability to pay the principal and interest on its indebtedness. Any failure to refinance its indebtedness, on or prior to the applicable maturity date, may result in the Enlarged Group defaulting on such indebtedness.

#### **The Group is subject to changes in credit market and equity market conditions**

The Group has sufficient financial resources to meet its obligations arising within the period of the working capital statement contained in this document. However, the nature of its business is capital intensive and in the longer term, its projects may be subject to delays or cost overruns or increased scope and assets may move into the development stage. Any of these risks may create circumstances where the Enlarged Group requires additional financing from credit or equity markets in the longer term and the availability of such financing is subject to market conditions. In the event that such financing were not available at that time, it would have a material adverse effect on the Enlarged Group's financial condition.

#### **The Group may engage in hedging activities from time to time that would expose it to losses should markets move against it hedged position**

The nature of the Group's operations results in exposure to fluctuations in commodity prices. The Group's primary policy is to hedge the petroleum price but it will also hedge currency exchange rates and interest rates from time to time. The Board will determine the overall hedging strategy in respect of the Acquisition Facility Agreement and will take into account various market factors when making decision regarding the volumes to be hedged, price levels and hedging instruments.

However, hedging could fail to protect the Group or could adversely affect the Group due to, among other reasons:

- the Group's hedging policy not achieving the expected results and not being appropriate for the Group;
- loss of price upside through collars in the event of upward movement in oil prices;
- absence of offsetting revenues from oil sales for payments under collar hedges in the event of upward movement in oil prices combined with shortfall in oil production;
- the available hedging instruments failing to correspond directly with the risk for which protection is sought;
- the Group's hedge counterparty defaulting on its obligation to pay the Group;
- the credit quality of the Group's hedge counterparty being downgraded to such an extent that it impairs the ability of the relevant member of the Group to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging being adjusted from time to time in accordance with applicable accounting rules to reflect changes in fair value, and any downward adjustments reducing the Group's net assets and profits.

In addition, hedging involves transaction costs, typically option premiums. These costs may increase as the period covered by the hedging increases and during periods of increased expected price volatility. In periods of extreme price volatility or at low price levels, it may not be commercially viable to enter into hedging transactions due to the high costs involved, which may in turn increase the Group's exposure to financial risks. Some relationship banks have reduced or ceased their commodity hedging businesses over the past several years due to poor returns and increased regulation. The Group has existing hedging relationships with non-lending counterparties and intends to broaden its counterparties beyond lending banks but there can be no guarantees that the Group will be able to procure future hedging on acceptable terms or at all.

If the Group experiences losses as a result of its hedging activities, or if it is unable to hedge its commodity price effectively in the future, this could have a material adverse effect on its business, prospects, financial condition and results of operations.

### **Capital expenditure estimates may not be accurate**

Estimated capital expenditure requirements are estimates based on anticipated costs and are made on certain assumptions. Should the Enlarged Group's capital expenditure requirements turn out to be higher than currently anticipated the Enlarged Group or its partners may need to seek additional funds which it may not be able to secure on reasonable commercial terms to satisfy the increased capital expenditure requirements. If this happens, the Enlarged Group's business, cash flow, financial condition and operations may be materially adversely affected.

### **Decommissioning costs**

Decommissioning costs will be incurred by the Enlarged Group at the end of the operating life of the Enlarged Group's properties based on estimates of the decommissioning costs, which are based on current requirements, technology and price levels and are computed based on the latest assumptions as to the scope and method of abandonment. However, the ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results and such provisions may not prove sufficient to cover actual decommissioning costs.

The current ADP for Block 3/05 (approved in 2012) estimates abandonment costs at US\$574 million, of which US\$554 million has been funded. Funding of the shortfall is subject to the approval of a revised ADP. The estimate is subject to revision and, if the Block 3/05 production licence is extended to 2040, will be revised at that stage. Sonangol proposed a revised ADP for Block 3/05 in 2021 (including increased future provision for abandonment costs) but this remains

subject to approval by the contractor group. The Competent Person's Report estimates abandonment costs for Block 3/05 at US\$728 million.

Angolan Presidential Decree 91/18 requires the Company to deposit its share of the estimated decommissioning costs in an escrow account. The contractor group must first approve an estimate of the decommissioning costs, an estimate which is unlikely to be agreed during the working capital period. Sonangol has met its obligations in respect of decommissioning costs to date, and it may be that no further sums are to be deposited in escrow by the Company. To the extent Sonangol has not complied with its decommissioning cost obligations prior to 20 April 2022, the Company is indemnified under the Sonangol Acquisition Agreement.

Sonangol EP, as former national concessionaire, currently holds the majority of the decommissioning cost funds provided by Sonangol. Sonangol EP should have transferred all funded abandonment costs for Block 3/05 to ANPG upon the latter being appointed to the role of National Concessionaire in 2019. Save for US\$10 million in the escrow account, the Company has not been provided with any evidence that Sonangol EP has transferred these funds. Procedural delays in the transfer of escrow funds is a known risk in the Angolan oil industry and the timeline for the transfer is unclear.

No ADP exists yet for Block 23 or Block 3/05A.

### **Failure to meet commitments**

The Enlarged Group will be subject to contractual work commitments, from time to time, which will include minimum work programmes to be fulfilled within certain time restraints. Specifically these commitments may cover certain depths of wells to be drilled, seismic surveys to be performed and other data acquisition. Failure to comply with such obligations, whether inadvertent or otherwise, may lead to fines, penalties, restrictions and withdrawal of licences with consequent material adverse effects. So far as the directors of the Company are aware, all work obligations in respect of the Target Assets have been complied with to date.

### **Exposure to local currency**

The Company is exposed to fluctuations in the value of the Angolan Kwanza for transactions and business denominated in the local currency. However, the Company primarily transacts in US dollars and the Board does not consider this risk to be material.

### **Title matters and payment obligations**

There is no guarantee that an unforeseen defect in title, changes in law or change in the interpretation of law or political events will not arise to defeat or impair the claim of the Enlarged Group to any properties which it currently owns or may acquire which could result in a material adverse effect on the Enlarged Group, including a reduction in any revenues generated.

### **Currency exchange rates risk**

The Group's functional currency is US Dollars and, although most of its major contracts are denominated in US Dollars, a portion of its operating, marketing and administrative expenses are in Sterling. Hence, the Company is exposed to fluctuations in exchange rates, in particular, between the US Dollar and Sterling. Such exposure may affect the Group's results. The Group will consider, on a case-by-case basis, implementing policies to limit its currency exposure, if appropriate, and may examine currency hedging instruments when they prove to be available and cost effective.

The Company's share price is quoted on the London Stock Exchange in Sterling. As a consequence, Shareholders may experience fluctuations in the market price of the Ordinary Shares as a result of, *inter alia*, movements in the foreign exchange rate between Sterling and US Dollars.

### **Risks relating to taxation**

Any change in the Group's tax status or in tax legislation could affect the Enlarged Group's ability to provide returns to Shareholders. Statements in this document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor.

The nature and amount of tax which members of the Enlarged Group expect to pay and the reliefs expected to be available to any member of the Enlarged Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties in a number of jurisdictions and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Enlarged Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Enlarged Group.

Lastly, due to the Enlarged Group's parent company being a UK based entity which will operate and hold assets in Angola and Somaliland following Completion, any changes in Angolan or Somaliland national tax law or tax rulings unfavourable to the Enlarged Group structure related to non-Angolan or Somaliland owned parent companies could have material impact on the Group's effective tax rate, cash flows and results of operations.

Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

### **Dependence on key executives and personnel**

The future performance of the Enlarged Group will, to a significant extent, be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team. Such key executives are expected to play an important role in the development and growth of the Enlarged Group, in particular, by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

There is a risk that the Enlarged Group will struggle to recruit the key personnel required to run an exploration and production company. Shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration and appraisal activities. Many of the Enlarged Group's competitors are larger, have greater financial and technical resources, as well as staff and facilities, and have been operating in a market-based competitive economic environment for much longer than the Enlarged Group.

There can be no assurance that the Enlarged Group will retain the services of any key executives, advisers or personnel who have entered into service agreements or letters of appointment with the Enlarged Group. The loss of the services of any of the key executives, advisers or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Enlarged Group. However, the Board believes that the spread of skills and experience across the Directors is such that the loss of any one Director is unlikely to have a material adverse effect on the Enlarged Group.

### **Labour**

Certain of the Enlarged Group's operations may be carried out under potentially hazardous conditions. Whilst the Enlarged Group intends to operate in accordance with relevant health and safety regulations and requirements, the Enlarged Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be beyond the Enlarged Group's control.

In addition, attracting and retaining additional skilled personnel may be required to ensure the development of the Enlarged Group's business. The Enlarged Group faces significant competition for skilled personnel in the oil and gas sector. Accordingly, the Enlarged Group may struggle to recruit sufficient number of employees and any shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration and appraisal activities.

### **Retention of key business relationships**

The Enlarged Group will rely significantly on strategic relationships with other entities, on good relationships with regulatory and governmental departments and on third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Enlarged Group could be

adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Enlarged Group, its business, operating results and prospects.

### **Local risk factors**

The Group's operations will be conducted in Somaliland and, following Sonangol Completion, Angola and, as such, the Group's operations, financial condition and operating results are exposed to various levels of political, economic and other risks and uncertainties over which it has no control. These risks and uncertainties vary and can include, but are not limited to: currency exchange rates; high rates of inflation; terrorism; war; labour unrest; border disputes between countries; renegotiation or nullification of existing concessions, licences, permits and contracts; bribery and corruption; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Future political actions cannot be predicted and may adversely affect the Group.

Changes, if any, in petroleum or investment policies or shifts in political attitude in Angola or Somaliland and border disputes affecting the Enlarged Group's rights to explore and develop for oil and gas may adversely affect the Enlarged Group's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people and water use. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws or regulations relating to the petroleum regime, including licences to blocks and petroleum agreements governing exploration activity on the blocks, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Enlarged Group's consolidated business, results of operations and financial condition.

### **Insurance coverage and uninsured risks**

The Enlarged Group insures its operations in accordance with industry practice and plans to insure the risks it considers appropriate for the Enlarged Group's needs and circumstances. However, the Enlarged Group may elect not to have insurance for certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment in some cases that the risks are remote.

No assurance can be given that the Enlarged Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it or the relevant operator obtains, if applicable, and any proceeds of insurance, will be adequate and available to cover any claims arising. The Enlarged Group may become subject to liability for pollution, blow-outs or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. Any indemnities the Enlarged Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources.

In the event that insurance coverage is not available or the Enlarged Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, or indemnities are difficult to enforce or the Enlarged Group elects not to have insurance for certain risks and claims and/or liabilities are incurred, the Enlarged Group's business and operations, financial results or financial position may be disrupted and adversely affected.

The payment by the Enlarged Group's insurers of any insurance claims may result in increases in the premiums payable by the Enlarged Group for its insurance cover and adversely affect the Enlarged Group's financial performance. In the future, some or all of the Enlarged Group's insurance coverage may become unavailable or prohibitively expensive.

### **Functioning insurance market**

Operational insurance policies are usually placed in one year contracts and the insurance market can withdraw cover for certain risks, which can greatly increase the costs of risk transfer. Such increases are often driven by factors unrelated to the Enlarged Group as well control elsewhere in the world.

### **Bank default**

Recent credit market events have demonstrated the possibility of banks, previously thought to be secure, defaulting on their deposits. A good rating from a reputable rating agency does not provide adequate protection against default risk and as a corporate depositor the Enlarged Group may fall outside any deposit protection schemes. However, if one or more of the Enlarged Group's banks defaults on its deposits it would have a material adverse effect on the Enlarged Group's ability to fund its commitments. In such an economic environment the Enlarged Group would be unlikely to be able to sell assets at reasonable values or raise equity finance and consequently might be unable to continue its business.

### **Future litigation**

From time to time, the Enlarged Group may be subject, directly or indirectly, to litigation arising out of its proposed operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact the Enlarged Group's business, results of operations or financial condition. While the Enlarged Group assesses the merits of each lawsuit and defends itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Enlarged Group's business.

### **The Group has no history of operations**

Although the Group's management has prior experience, the Group has no recent operating history upon which prospective investors may assess its future performance. Prospective investors do not have the same level of historical operating information on which to base their investment decision as would be available with respect to a more established company. The Enlarged Group's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in early stage of operations in markets that are often quickly evolving. If the Enlarged Group is unable to successfully address or manage such risks, expenses or difficulties, this could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations, and the trading price of the Ordinary Shares.

### **Climate change abatement legislation, changes to carbon pricing systems or protests against fossil fuel extraction may have a material adverse effect on the Enlarged Group's industry**

Continued political and societal attention to issues concerning climate change, including the role of human activity in it and potential mitigation through regulation could have a material impact on the Enlarged Group's business. International agreements, national and regional legislation, and regulatory measures to limit greenhouse emissions are currently in various stages of discussion or implementation.

Like other oil and gas companies, given that the Enlarged Group's operations involve, and the Enlarged Group's products are associated with, emissions of greenhouse gases, these and other greenhouse gas emissions related laws, policies and regulations may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with these laws and regulations is difficult to accurately predict and will vary depending on, among other things, the laws enacted by particular countries. As such, climate change legislation and regulatory initiatives restricting emissions of greenhouse gases may materially adversely affect the Enlarged Group's operations and increase the Enlarged Group's cost structure.

Such legislation or regulatory initiatives could also have a material adverse effect by diminishing the demand for oil and gas, increasing the Enlarged Group's cost structure or causing disruption to the Enlarged Group's operations by regulators. Global efforts to respond to the challenges of climate change may have an impact on the value of the price of oil and gas moving forward, as countries

increasingly shift toward alternative energy sources, which may in turn impact the viability of the Enlarged Group's producing, development and exploration projects.

In addition, the Enlarged Group may be subject to activism from groups campaigning against fossil fuel extraction, which could affect the Enlarged Group's reputation, dissuade investors from investing in the Enlarged Group's business, persuade shareholders to sell their holdings, dissuade contractors from working with the Enlarged Group, disrupt the Enlarged Group's campaigns or programmes, induce the Enlarged Group's employees and/or directors to cease working or acting for the Enlarged Group or otherwise negatively impact the Enlarged Group's business.

### **Brexit**

On 23 June 2016, the UK held a referendum on the UK's continued membership of the European Union ("EU"). This resulted in a vote for the UK to exit the EU and the UK government formally served notice of the UK's intention to leave the EU on 29 March 2017 in accordance with Article 50(2) of the Treaty on European Union, marking the start of the process of the UK's withdrawal from the EU ("Brexit"). The terms of the Trade and Cooperation Agreement, signed on 30 December 2020 which includes an agreement on free trade between the UK and EU poses difficulties in predicting the rate at which any economic disruption may occur, and over what duration and the fact that some of the related risks to the business are totally, or partially, outside the control of the Enlarged Group. The macroeconomic effect of Brexit on the Enlarged Group's business (including on the pound sterling exchange rate in the long term) is not known. The continuing unpredictable consequences of Brexit may have a material adverse effect on the Enlarged Group's future financial condition and results of operations.

### **Coronavirus**

The global Coronavirus pandemic has created very significant challenges for companies, given its widespread adverse global economic, as well social and operational impact, the longer-term effects of which are continuing to unfold. There exists a risk that the ongoing pandemic may detrimentally impact the Enlarged Group's operations. The Enlarged Group may suffer loss including, but not limited to, loss of personnel, loss of access to resources, loss of contractors, loss of ability to attract and retain personnel, delays or increased costs in developing its projects and an adverse impact on the share price of the Company. As a result of the Coronavirus outbreak, there are currently travel restrictions in place in many countries with many land borders closed and suspension of flights. These restrictions may have an immediate impact on the operations of the Enlarged Group in terms of travel restrictions on key management personnel, disruption to operations and delays or increased costs in accessing resources and supplies. Additionally, if one or several of the Enlarged Group's key management personnel were to contract the Coronavirus, this could negatively impact the Enlarged Group's ability to execute on its business strategy. Even after the Coronavirus pandemic abates, its impact on consumer behaviour and supply and demand of resources may continue in the longer term. The outbreak of Coronavirus has demonstrated the need to have contingency plans in place in relation to the outbreak of pandemics, and has also resulted with a number of companies across the globe being essentially shut down for an extended period of time. The impact of this is that the Enlarged Group will have to ensure that its future plans include an appropriate amount of contingency planning for the current Coronavirus and future pandemics, but are also likely to result in some prices from suppliers being higher than previously thought, as they too include contingencies into their pricing models and work to ensure they remain profitable despite unpredictable regional outbreaks and periods of lock down. As such, costs could escalate from the level originally anticipated. While the Enlarged Group will seek to manage the effect of Coronavirus on its personnel and operations, if and when necessary, there can be no assurance that Coronavirus will not have an adverse effect on the future operations of the Enlarged Group's projects or an investment in the Company.

### **Global economic conditions may adversely affect the Enlarged Group**

The Enlarged Group may make acquisitions of companies and businesses that are susceptible to economic recessions or downturns. During periods of adverse economic conditions, the markets in which the Enlarged Group operates may decline, thereby potentially decreasing revenues and causing financial losses, difficulties in obtaining access to, and fulfilling commitments in respect of, financing, and increased funding costs. In addition, during periods of adverse economic conditions, the Enlarged Group may have difficulty accessing financial markets, which could make it more

difficult or impossible for the Enlarged Group to obtain funding for additional acquisitions and negatively affect the Enlarged Group's operating results. Accordingly, adverse economic conditions could adversely impact the business, development, financial condition, results of operations and prospects of the Enlarged Group. Furthermore, there can be no assurances that financial conditions in the global financial markets will not worsen or adversely affect the Enlarged Group's then prevailing financial position and performance or, indeed, those of its investments.

### **Force majeure**

The Enlarged Group's operations may be adversely affected by risks outside the control of the Enlarged Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which may have a material adverse effect on the Enlarged Group's future financial condition and results

### **Cyber risks**

The Enlarged Group is at risk of financial loss, reputational damage and general disruption from a failure of its information technology systems or an attack for the purposes of espionage, extortion, terrorism or to cause embarrassment. Any failure of, or attack against, the Enlarged Group's information technology systems may be difficult to prevent or detect, and the Enlarged Group's internal policies to mitigate these risks may be inadequate or ineffective. The Enlarged Group may not be able to recover any losses that may arise from a failure or attack.

## **RISKS RELATING TO THE OIL AND GAS MARKETS**

### **Oil and gas prices**

The marketability and price of oil and natural gas that may directly or indirectly be acquired or discovered by the Enlarged Group will be affected by numerous factors beyond the control of the Enlarged Group, but which include: global and regional supply and demand, expectations regarding future supply and demand, for oil and gas; global and regional economic conditions; political, economic and military developments (including the ongoing Ukraine conflict) in oil and gas producing regions; prices and availability of alternative sources of energy; geopolitical uncertainty; speculative activities and trends in the financial community; lower hydrocarbon prices or reduced demand for oil and gas or power could reduce the economic viability of the Enlarged Group's strategy and ultimately its business, result in a reduction in revenues or net income, adversely affect the Company's ability to maintain working capital requirements, impair its ability to make planned expenditures and could materially adversely affect its prospects, financial condition and results of operations.

The Directors believe that the strengthening of the oil price and the increasing importance of ESG considerations for both sellers and the capital markets are highly advantageous for Afentra in the longer term. However, in the short term, oil price volatility and geopolitical uncertainty may create a challenging M&A environment.

### **Current reserves and resources data in this document are only estimates and are inherently uncertain**

The reserves and resources data set forth in this document including the Competent Person's Report contained in Part 9 of this document involve subjective judgements and determinations and are based on available geological, technical, contractual and economic information. The estimation of underground accumulations of oil and gas is a subjective process aimed at understanding the statistical probabilities of recovery. These are not exact determinations. Estimates of the quantity of economically recoverable oil and gas reserves, rates of production, net present value of future cash flows and the timing of development expenditures depend upon several variables and assumptions, including the following: (i) historical production from the area compared with production from other comparable producing areas; (ii) interpretation of geological and geophysical data; (iii) effects of regulations adopted by governmental agencies; (iv) future percentages of international sales; (v) future oil and gas prices; (vi) capital expenditure; and (vii) future operating costs, tax on the extraction of commercial hydrocarbons, development costs and workover and remedial costs. The assumptions upon which the estimates of the Company's hydrocarbon reserves, resources or production profiles (including in relation to the Target Assets) have been based may change over time or prove to be incorrect. The Company may be unable to recover and produce the estimated

levels or quality of hydrocarbons set out in this document and if this proves to be the case, the Enlarged Group's business, reputation, prospects, financial condition and results of operations could be materially adversely affected.

As all reserves and resources estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves and resources: (i) the quantities and qualities of oil and gas that are ultimately recovered; (ii) the production and operating costs and capital expenditure incurred; (iii) the amount and timing of additional exploration and future development expenditures; and (iv) future oil and gas prices.

Many of the factors, assumptions and variables used in estimating reserves and resources are beyond the Company's control and may prove to be incorrect over time. Evaluations of reserves and resources necessarily involve multiple uncertainties. The accuracy of any reserves or resources evaluation depends on the quality of available information and petroleum engineering and geological interpretation. Exploration drilling, interpretation and testing and production after the date of the estimates may require substantial upward or downward revisions to the Company's reserves or resources data (including in relation to the Target Assets). A decline in the market price for oil and gas could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources. Moreover, different reservoir engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources will vary from estimates, and the variances may be material. The estimation of reserves and resources may also change because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques.

The estimates may prove to be incorrect and potential investors should not place reliance on the forward looking statements contained in this document (including data included in or taken from the Competent Person's Report and whether expressed to have been certified by the Competent Person or otherwise) concerning the Target Assets' resources and reserves or production levels. If the assumptions upon which the estimates of the Target Assets' hydrocarbon resources have been based prove to be incorrect, the Enlarged Group (or the operator of an asset in which the Enlarged Group has an interest) may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this document and the Enlarged Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Exploration, development and production operations involve risks common to the industry including dry wells, blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal geological pressures. In the event that any of these occur, environmental damage, injury to persons and loss of life, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves could result. Drilling activities may be unsuccessful and the actual costs incurred in drilling, operating wells and completing well workovers may exceed budget. There may be a requirement to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. The occurrence of any of these events could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and operations.

Mechanical problems, accidents, oil or gas leaks or other events at the Enlarged Group's facilities may cause an unexpected production shutdown of the affected wells. Any unplanned production shutdown of the Enlarged Group's facilities could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

### **Oil and gas exploration is speculative, capital intensive and can result in a complete loss of capital**

There can be no guarantee that any hydrocarbons discovered will be developed into profitable production or that hydrocarbons will be discovered in commercial quantities. The business of exploration and development of hydrocarbon deposits is speculative and involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Hydrocarbon deposits assessed by the Enlarged Group may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and

commissioning of production projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required.

The risks associated with oil and gas exploration include, but are not limited to, encountering unusual or unexpected geological formations or pressures; seismic shifts; unexpected reservoir behaviour; unexpected or different fluids or fluid properties; premature decline of reservoirs; uncontrollable flow of oil, gas or well fluids; inaccurate subsurface seismic drilling; equipment failures; extended interruptions due to (amongst other things) adverse weather conditions; environmental hazards; industrial accidents; lack of availability of exploration and production equipment; explosions; pollution; oil or gas escapes; industrial action; and shortages of manpower. Encountering any of these can greatly reduce the profitability of operations. Extreme weather, adverse geological conditions and other field operating conditions may delay seismic, drilling or appraisal and development activities and can also increase costs. Oil and gas exploration and appraisal projects often involve unprofitable activities, resulting either from dry wells or from wells that may be put into production but do not generate sufficient revenues to return a profit after development, operating and other costs. Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. Any of the above factors could result in a total loss of investment in certain projects, which could have a material adverse effect on the Enlarged Group's business, reputation, prospects, financial condition and results of operations.

The Group believes it has undertaken the necessary due diligence to understand the technical risks associated with all oil and gas volumes but recognises that such results from drilling activities may vary from the expected performance and / or timetable of commercialisation.

#### **Companies operating within the oil and gas industry are subject to stringent regulations including environmental, and health and safety**

The Enlarged Group's operations are subject to environmental, health and safety regulations in the jurisdictions in which they operate. Whilst both the Company and operators of the Target Assets believe that each carries out its activities and operations in material compliance with these environmental, safety and health and sanitary regulations, there can be no guarantee that their contractors or staff will individually comply with the policies and practices in place.

The discharge of oil, gas or other pollutants into the air, soil or water may give rise to liabilities to local, provincial and federal governments and third parties and may require the Enlarged Group to incur significant penalties and/or costs to remedy such discharge. This is particularly a concern with aged infrastructure, as is the case for the Block 3/05 Interest. The Company is aware that several oil spills have occurred in respect of Block 3/05 since 2010. However, these spills have been very minor and no spill has amounted to more than one barrel. The Company benefits from an indemnity under the Sonangol Acquisition Agreement in respect of liability arising from oil spills prior to the date of the Sonangol Acquisition Agreement. An oil spill contingency plan is in place in relation to Block 3/05 but it is unclear to the Company as to whether readiness inspections or audits have been conducted by the operator or if spill response drills have been undertaken recently. Following completion of the Sonangol Acquisition, the Company intends to discuss with the operator, Sonangol, and agree a plan to undertake these if required. No information exists in respect of oil spills at Block 3/05A given the limited production to date.

The Company is also aware that in 2021 there was a significant increase in flaring related GHG emissions reported for Block 3/05 which accounted for a substantial proportion of the total GHG footprint for the year. Sonangol has set targets for GHG reduction between 2022 and 2030. The reduction in flare intensity will be a key component in achieving these targets. The Company understands from Sonangol that the actual flared gas amount for Block 3/05 is below permitted limits in Angola. However, following completion of the Acquisitions, the Company intends to use the previous operating expertise of its team to engage proactively with Sonangol to establish a plan to reduce flare intensity and work on a GHG reduction plan across the Target Assets.

While the Company has conducted due diligence on the assets, no assurance can be given that changes in environmental laws or their application to the Enlarged Group's operations will not result in further remediation costs, a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect its business, prospects, financial condition and results of operations.

Obtaining exploration, development or production licences and permits may also become more difficult or be the subject of delay by reason of governmental, regional or local environmental consultation, approvals or other considerations or requirements.

In addition, due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increased efficiency standards or the adoption of cap and trade regimes. If such requirements were adopted in Angola following Admission, these requirements could make the Enlarged Group's products more expensive as well as shift hydrocarbon demand toward relatively lower-carbon sources such as renewable energy.

### **Oil and gas exploration and production may cause damage to persons, property and the environment for which the Company may not be adequately insured**

Exploration for oil and gas carries inherent risks. The Enlarged Group's exploration, development and production activities present several risks such as those of explosions in wells and pipelines and escape of hazardous materials and contamination; major process safety incidents; failure to comply with approved policies; effects of natural disasters and pandemics; social unrest; civil war and terrorism; exposure to general operational hazards; personal health and safety; and crime. The occurrence of any of these events or other accidents could result in personal injuries, loss of life, severe environmental damage entailing containment, clean-up and repair expenses, equipment damage and civil or, in certain limited instances, criminal proceedings against the Enlarged Group, any of which could result in material legal sanctions and financial liabilities, as well as significant reputational damage, and may have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations. Although precautions to minimise risk are taken, even a combination of careful evaluation, experience and knowledge may not eliminate all of the hazards and risks. In addition, not all of these risks are insurable.

The Enlarged Group's insurance policies may not cover all liabilities, and the proceeds of insurance applicable to covered risks may not be adequate to cover expenses relating to such losses or liabilities. Insurance may not be available for all risks. In certain circumstances, the Enlarged Group may elect not to obtain insurance to deal with specific events due to the high premiums associated with such insurance or for other reasons.

### **Companies within the oil and gas industry are subject to increases in drilling costs, access restrictions and reliant on the availability of equipment**

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Enlarged Group's ability to invest directly or indirectly in prospects and to purchase or hire equipment, supplies and services. Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Enlarged Group and may delay exploration and development activities. There can be no assurance that sufficient seismic, drilling and completion equipment, services and supplies will be available when needed. Shortages could delay the Enlarged Group's proposed exploration, development and sales activities and could have a material adverse effect on its business, reputation, prospects, financial condition and result of operations. If the demand for, and wage rates of, qualified crews rise in the seismic and drilling industry then the oil and gas industry may experience shortages of qualified personnel to operate seismic equipment and drilling rigs. This could delay the Enlarged Group's operations and adversely affect its financial condition and results of operations.

The contracting or leasing services and equipment from third-party providers and suppliers may be problematic in that such equipment and services can be in short supply and may not be readily available at the times and places required. In addition, the costs of third-party services and equipment have fluctuated significantly over recent years and these costs may increase considerably going forward. This may, therefore, have an adverse effect on the Enlarged Group's business. In addition, the failure of a third party provider or supplier of equipment or services could have a material adverse impact on the Enlarged Group's business and the results of its operations.

### **Delays in production, marketing and transportation**

Various production, marketing and transportation conditions, if assets have been explored and developed, may cause delays in crude oil production and adversely affect the Enlarged Group's business. For example, infrequent cargo liftings or delays in receiving petroleum receipts from the operator may affect the Enlarged Group's working capital position and it is not usually possible to increase production rates beyond what has been approved by the Regulator and/or under the JOA. Given the location of the Block 3/05 Interests (and if relevant in the future, the Block 23 Interests), there will also be particular challenges due to the difficulties of maintaining infrastructure offshore Angola and such difficulties will be exacerbated where the infrastructure is mature and therefore increasing operational downtime may be or become an issue, which could have a detrimental effect on the revenues received by the Enlarged Group's business.

The marketability and price of condensate and natural gas that may directly or indirectly be acquired or discovered by the Enlarged Group will be affected by numerous factors beyond the control of the Enlarged Group. The Enlarged Group is also subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of reserves to adequate pipeline and processing facilities, and extensive government regulations relating to price, taxes, royalties, licences, land tenure, allowable production, the export of oil and natural gas, and many other aspects of the oil and natural gas business. Any or all of these factors may result in an adverse impact on the financial returns anticipated by the Enlarged Group.

As the Enlarged Group will not act as operator in respect of the Target Assets, the Enlarged Group will generally have limited control over the day-to-day management or operations of such interests and will therefore be dependent upon the third party operators. A third party operator's management of an asset may result in failure to meet the expected timetable.

### **Interruptions in availability of exploration, production or supply infrastructure**

The Enlarged Group may suffer, indirectly, from delays or interruptions due to lack of availability of drilling rigs or construction of infrastructure, including pipelines, storage tanks and other facilities, which may adversely impact the operations and could lead to fines, penalties and criminal sanctions against the Enlarged Group and/or its officers or its current or future licences or interests being terminated. Delays in obtaining licences, permissions and approvals required by the Enlarged Group or its partners in the pursuance of its business objectives could likewise have a material adverse impact on the Enlarged Group's business and the results of its operations.

### **Risk of loss of oil and gas rights**

The Enlarged Group's activities are dependent upon the maintenance of appropriate leases, licences, concessions, permits and regulatory consents which may be withdrawn or made subject to qualifications. Although the Enlarged Group believes that the authorisations in relation to all of the Enlarged Group's interests in Angola following Sonangol Completion will not be withdrawn and will be maintained (as the case may be), there can be no guarantee that such authorisations will not, in the future, be withdrawn, fail to be renewed or granted. There can be no assurance as to the terms of such future grants or renewals.

### **Natural disasters**

Any interest held by the Enlarged Group is subject to the impacts of any natural disaster such as earthquakes, epidemics, fires and floods etc. No assurance can be given that the Enlarged Group will not be affected by future natural disasters.

### **Environmental factors**

The Enlarged Group's operations are, and will be, subject to environmental regulation. Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement measures being implemented, increases in fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Compliance with environmental regulations could increase the Enlarged Group's costs. Should the Enlarged Group's operations not be able to comply with this mandate, financial penalties may be levied. Environmental legislation can provide for restrictions and prohibitions on spills, releases of emissions of various substances

produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. The Enlarged Group's operations will be subject to such environmental policies and legislation.

Previous environmental audits in respect of the Target Assets have identified certain areas of environmental non-compliance. The Company intends to work with Sonangol following completion of the Acquisitions to ensure the corrective actions for these non-compliance findings are addressed. The environmental installation licence in respect of Block 3/05 expired in November 2020. Sonangol is undertaking the required steps for the new licence to be issued by the Ministry of Environment and has confirmed that the renewal fee has been paid but at present the new licence remains outstanding. There are currently no licences for radioactive materials in place for Block 3/05. Sonangol (as operator) has confirmed to the Company that it is assessing whether any such licences are required for Block 3/05 before submitting any licence applications.

Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards of enforcement and in more stringent fines and penalties for non-compliance. Environmental assessments of existing and proposed projects may carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditure, and breaches of such regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of exploration, development and/or production operations. There can be no assurance that these environmental costs or effects will not have a material adverse effect on the Enlarged Group's future financial condition or results of operations.

## **RISKS RELATING TO ANGOLA AND OTHER COUNTRIES WHERE THE COMPANY OPERATES**

### **Doing business in Angola**

In addition to the risks highlighted regarding regulation, the Enlarged Group's operations in Angola may be subject to political, economic and other uncertainties, including, but not limited to, terrorism, military repression, war, piracy, unrest or earthquakes, changes in law, energy policies and regulation or in the personnel administering them, nationalisation or expropriation of property, foreign exchange rates and restrictions, currency instability or non-convertibility, high rates of inflation, royalty and tax increases, changes in policies or laws governing foreign ownership and the operations of foreign-based companies, inability to enforce or cancellation or modification of contractual rights and other risks arising out of foreign governmental sovereignty over the areas in which the Enlarged Group's operations are conducted. It is difficult to predict the timing or severity of these occurrences or their potential effect. If such risks materialise, they could affect the employees, reputation, operational performance and financial position of the Enlarged Group. Furthermore, it may be expensive and logistically burdensome to discontinue oil and gas exploration and/or production operations in a particular country should political or other conditions subsequently deteriorate. All of these factors could materially adversely affect the Enlarged Group's business, results of business operations, financial condition or prospects.

The Enlarged Group is dependent on receipt of government approvals or permits to develop its assets. The Directors believe that the government of Angola supports the exploration and development of their respective oil and gas properties by foreign companies. Any delays in receiving government approvals or permits may delay the Enlarged Group's operations or may affect the status of the Enlarged Group's contractual arrangements or its ability to meet its contractual obligations. There is no assurance that future political conditions in Angola will not result in the government adopting new laws and regulations which may affect the Enlarged Group's ability to be involved in exploration and development activities in respect of present and future properties, as well as its ability to raise funds to further such activities.

The assets in which the Enlarged Group has or may have an interest in Angola are subject to contracts with the country's government. If for any reason these contracts are found to be void or challenged, the Enlarged Group may suffer significant damage through loss of the opportunity to develop and discover any resources on the relevant asset. The government in Angola often grants interests in large tracts of land or offshore fields and maintains control over the development of the oil and gas rights, in some cases through equity participation in the exploration and development of the rights. Transfers of interests typically require state approval, which may delay or otherwise impede transfers and on-going operations. For certain licences the Enlarged Group may be required

to expend the funds necessary to meet conditions, such as minimum work commitments, attaching to the licence. Failure to meet these work commitments would render the licence liable to be revoked. Furthermore, if any contractual obligations are not complied with when due, this could result in dilution or forfeiture of interests held by the Enlarged Group.

Angola may have a less developed legal system than more established economies. This could result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters.

The commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Enlarged Group's licences and agreements for business. These may be more susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

### **Certain risks are inherent in any investment in a company operating in emerging markets such as Angola**

Investors in emerging markets, such as Angola, should be aware that these markets are subject to greater risk than more developed markets, including, in some cases, significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved in an investment in the Company and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

### **An erosion of the business and operating environment in Angola could adversely impact the Enlarged Group's financial position**

The Enlarged Group faces various risks in its Angolan operations that could adversely impact its financial position. These risks include security issues surrounding the safety of the Enlarged Group's employees and operations, the Enlarged Group's ability to enforce existing contractual rights, limited infrastructure and potential legislation that could increase taxes. Angola and surrounding countries have lower levels of economic and state development than some other jurisdictions where oil and gas exploration and production companies operate. This could result in significant difficulties securing infrastructure and services in a timely and cost effective manner required to implement the Enlarged Group's exploration and development plans. The Enlarged Group's exploration activities may be impaired due to the condition of infrastructure in Angola. In general, Angola's physical infrastructure, including power generation and transmission stations, communication systems and road network are less developed in comparison with other more developed countries. Any failure to maintain or improve adequate transport services and networks or any disruption to transport services could cause delays to the Enlarged Group's exploration activities. Any government action concerning the economy, including the oil and gas industry (such as a change in oil or gas pricing policy, domestic supply obligation or taxation rules or practice, or renegotiation or nullification of existing concession contracts or oil and gas exploration policy, laws or practice), could have a material adverse effect on the Enlarged Group.

## **RISKS RELATING TO INVESTMENT AND AIM**

### **Market perception**

Market perception of junior extraction companies, in particular those operating in energy markets, as well as all oil and gas companies in general, may change, which could impact on the value of investors' holdings and the ability of the Enlarged Group to raise further funds through the issue of further Ordinary Shares in the Company or otherwise.

## **AIM**

The Ordinary Shares will be admitted to AIM and it is emphasised that at this time no application is being made for admission of the Ordinary Shares to the Official List or to any other stock exchange. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List. Further, the London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares.

## **Economic conditions and current economic weakness**

Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group's assets and/or hydrocarbons produced. A more prolonged economic downturn will restrict the Enlarged Group's ability to realise a profit. The markets in which the Enlarged Group operates are directly affected by many national and international factors that are beyond the Enlarged Group's control.

## **Market risks**

The Enlarged Group may be affected by general market trends which are unrelated to the performance of the Enlarged Group itself. The Enlarged Group's success will depend on market acceptance of the hydrocarbons produced from the Target Assets and there can be no guarantee that this acceptance will be forthcoming. Market opportunities targeted by the Enlarged Group may change and this could lead to an adverse effect upon its revenue and earnings.

## **Investment risk**

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time. While various oil and gas investment opportunities are available, potential investors should consider the risks that pertain to oil and gas exploration projects in general, as described more particularly above.

## **Dividends**

There can be no assurance as to the level of future dividends. Subject to compliance with the Act and the Company's Articles, the declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits. A dividend may never be paid however it is the Directors' intention to commence payment of dividends in the longer term.

## **Restrictions on transfers under US legislation**

The Ordinary Shares have not been registered in the US under the Securities Act or under other applicable securities law and are subject to restrictions on transfer contained in such law. They may not be resold in the United States, except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities law.

## PART 5

### HISTORICAL FINANCIAL INFORMATION RELATING TO THE GROUP

#### 1 BASIS OF FINANCIAL INFORMATION

In accordance with Rule 28 of the AIM Rules, this document does not contain historical financial information on the Company and the Group which would be required by Section 18 of Annex 1 of the Prospectus Regulation Rules. The audited consolidated financial statements and historical financial information of the Group included in the Company's Annual Report 2022, the Company's Annual Report 2021 and the Company's Annual Report 2020, together with the audit reports thereon, are incorporated by reference into this Part 5 (Historical Financial Information Relating to the Group) and are available via the Company's website ([www.afentraplc.com](http://www.afentraplc.com)).

The consolidated financial statements in the Annual Report 2022, the Annual Report 2021 and the Annual Report 2020 were prepared in accordance with IFRS as adopted by the EU and in accordance with the Act, were audited and the audit reports were unqualified.

Shareholders or other recipients of this document may request a hard copy of the above information incorporated by reference from the Company at its registered office, High Holborn House, 52-54 High Holborn, London WC1V 6RL, or by telephoning +44 (0) 20 7405-4133. Such copy will be provided to the requester within 7 days. A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

#### SECTION A: UNAUDITED HISTORICAL FINANCIAL INFORMATION RELATING TO THE SONANGOL ASSETS

	Year ended 31 December 2019 (Unaudited)	Year ended 31 December 2020 (Unaudited)	Year ended 31 December 2021 (Unaudited)
	\$'000	\$'000	\$'000
<b>Revenue</b>	<b>79,705</b>	<b>40,445</b>	<b>58,564</b>
Production expenditure	(12,402)	(9,610)	(12,072)
Logistics & transportation	(13,547)	(11,462)	(14,224)
Maintenance & repairs	(9,194)	(13,318)	(13,229)
Administration & services	2,430	1,192	(3,612)
<b>EBITDA</b>	<b>46,993</b>	<b>7,247</b>	<b>15,426</b>
Oil overlift	(192)	(812)	—
Depreciation	(22,140)	(7,400)	(9,105)
Decommissioning expense	(2,870)	(2,870)	(2,870)
<b>Operating profit/(loss)</b>	<b>21,791</b>	<b>(3,835)</b>	<b>3,451</b>

EBITDA in respect of the Sonangol Assets was positive in each year but largest during the year ended 31 December 2019. This was driven by a significant lifting that took place in February 2019, resulting in a quantity of barrels of oil being lifted that was far in excess of other lifts taking place during the three-year period. EBITDA decreased for the year ended 31 December 2020, as the number of barrels lifted decreased when compared to the prior year and the price achieved per barrel also fell. This was a consequence of the COVID-19 pandemic reducing global demand for oil. Production expenditure decreased in the year, as activity on the related blocks decreased during COVID and the number of barrels produced also decreased. Maintenance & repair costs increased significantly due, primarily, to wellhead maintenance that took place on the Bufalo field.

EBITDA increased in the year ended 31 December 2021, with revenues increasing by \$18,119k. This was driven by an increase in the price of oil per barrel achieved, as the global demand for oil returned following the easing of global restrictions and lockdowns. Production expenditure and logistics & transportation costs increased in the year, when compared to the prior year, as activity on the blocks increased once more and additional COVID-19 costs were incurred. Also, there was an increase due to the five-year inspection costs incurred. Administration & services expenditure became negative, for the first time during the period under review, primarily due to strengthening of

the Angolan Kwanza leading to foreign exchange losses being incurred. This is because costs are partly incurred in Angolan Kwanza, by the operator, but the functional and reporting currency is United States Dollar.

The unaudited historical financial information on the Sonangol assets presented in this document has been compiled on the following basis:

#### *Revenue*

Revenue relates to the sale of oil, from the barrels to which Sonangol were entitled due to its participation in the assets. It is recognised when liftings occur, and a function of the quantity of barrels of oil lifted and the price achieved per barrel.

#### *Operating expenditure*

This is expenditure incurred by the operator, in its role conducting the joint operations of the assets, and recharged to Sonangol on the basis of its WI% owned. This is reported to Sonangol via "joint interest billing statements" prepared by the operator which categorise expenditure as operating or administration & services. For presentation purposes within this Admission Document, these have been sub-categorised into production expenditure, logistics & transportation costs, maintenance & repairs and administration & services. Costs incurred include, but are not limited to, costs to maintain and repair the assets' property, plant and equipment in operation, to transport, lift and export oil and costs related to personnel responsible for the assets' operations.

#### *Depreciation, Oil overlift and Decommissioning charges*

Non-cash items of depreciation, oil overlift and decommissioning charges have also been included as part of the Sonangol assets unaudited historic financial information.

## SECTION B: UNAUDITED HISTORICAL FINANCIAL INFORMATION RELATING TO THE INA ASSETS

	Year ended 31 December 2019 (Unaudited)	Year ended 31 December 2020 (Unaudited)	Year ended 31 December 2021 (Unaudited)
	\$'000	\$'000	\$'000
<b>Revenue</b>	<b>13,108</b>	<b>2,278</b>	<b>13,051</b>
Production expenditure	(2,208)	(1,434)	(2,701)
Logistics & transportation	(3,204)	(2,947)	(1,930)
Maintenance & repairs	(1,717)	(2,645)	(2,350)
Administration & services	460	113	(722)
<b>EBITDA</b>	<b>6,438</b>	<b>(4,635)</b>	<b>5,348</b>
Depreciation	(5,395)	(3,018)	(2,824)
Impairment	—	1,736	—
Oil overlift	—	(6)	12
Decommissioning expense	(574)	(574)	(574)
<b>Operating profit/(loss)</b>	<b>470</b>	<b>(6,497)</b>	<b>1,963</b>

EBITDA in respect of the INA Assets became negative for the year ended 31 December 2020. The primary driver of EBITDA, in each year, was revenue, which dropped significantly for the year ended 31 December 2020, due to a combination of a lower number of barrels being lifted and a lower price per barrel achieved. INA only performed one lift in the year, in March 2020, the point at which global oil prices dropped to their lowest following the COVID-19 pandemic and reduced demand for oil. Despite this, overall operating expenditure remained fairly constant when compared to the prior year. The cost mix by type did however fluctuate, with production expenditure decreasing in the year, as activity on the related blocks decreased during COVID and the number of barrels produced also dropped. Maintenance & repair costs increased significantly due, primarily, to wellhead maintenance that took place on the Bufalo field.

EBITDA increased in the year ended 31 December 2021, with revenues increasing by \$10,773k. This was driven by an increase in the price of oil per barrel achieved as the global demand for oil returned following the easing of global restrictions and lockdowns. In addition, the quantity of barrels lifted increased by 105%, with one lift taking place in April 2021. Total operating expenditure increased in the year, when compared to the prior year, driven primarily by an increase in production expenditure as activity on the blocks increased once more and additional COVID-19 costs were incurred. Also, there was an increase due to the five-year inspection costs incurred. Additionally, administration & services expenditure became negative for the first time during the period under review, primarily due to strengthening of the Angolan Kwanza leading to foreign exchange losses being incurred. This is because costs are partly incurred in Angolan Kwanza, by the operator, but the functional and reporting currency is United States Dollar.

The unaudited historical financial information on the INA Assets presented in this document has been compiled on the following basis:

### *Revenue*

Revenue relates to the sale of oil, from the barrels to which INA were entitled due to its participation in the Assets. It is recognised when liftings occur, and a function of the quantity of barrels of oil lifted and the price achieved per barrel.

### *Operating expenditure*

This is expenditure incurred by the operator, in its role conducting the joint operations of the assets, and recharged to INA on the basis of its WI% owned. This is reported to INA via "joint interest billing statements" prepared by the operator, which categorise expenditure as operating expenditure or administration & services costs. For presentation purposes within this Admission Document, these have been sub-categorised into production expenditure, logistics & transportation costs, maintenance & repairs and administration & services. Costs incurred include, but are not limited to,

costs to maintain and repair the assets' property, plant and equipment in operation, to transport, lift and export oil and costs related to personnel responsible for the assets' operations.

*Impairment, Depreciation, Oil overlift and Decommissioning charges*

Non-cash items of impairment, depreciation, oil overlift and decommissioning charges have also been included as part of the Sonangol assets unaudited historic financial information.

## PART 6

### UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

#### Section A: Accountant's Report on the unaudited *Pro Forma* Financial Information



**Crowe U.K. LLP**  
Chartered Accountants  
Member of Crowe Global  
55 Ludgate Hill  
London EC4M 7JW, UK  
Tel +44 (0)20 7842 7100  
Fax +44 (0)20 7583 1720  
DX 0014 London Chancery Lane  
[www.crowe.co.uk](http://www.crowe.co.uk)

10 August 2022

The Directors  
Afentra Plc  
High Holborn House  
52-54 High Holborn  
London WC1V 6RL

Peel Hunt LLP  
7<sup>th</sup> Floor  
100 Liverpool Street  
London EC2M 2AT

Dear Sirs and Madams,

We report on the unaudited *pro forma* statement of net assets of Afentra Plc (the “**Company**”) and its subsidiaries (together, the “**Group**”) – proposed acquisitions of certain working interests in Block 3/05 and Block 3/05A (together, the “**Transaction 1 Assets**”) and certain working interests in Block 3/05 and Block 23 (the “**Transaction 2 assets**”) (together the “**Enlarged Group**”) (the “**Pro Forma Financial Information**”) set out in section B of Part 6 of the Company’s AIM admission document dated 10 August 2022 (the “**Document**”).

#### **Opinion**

In our opinion:

- the *Pro Forma* Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

#### **Responsibilities**

It is the responsibility of the directors of the Company to prepare the *Pro Forma* Financial Information in accordance with Sections 1 & 2 of Annex 20 of the UK version of Regulation number 2019/980 of the European Commission, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (together, the “**Prospectus Regulation**”).

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the Prospectus Regulation, as to the proper compilation of the *Pro Forma* Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro Forma* Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of preparation**

The *Pro Forma* Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Enlarged Group in preparing the audited financial information for the twelve-month period ended 31 December 2021. This report is required by Section 3 of Annex 20 of the Prospectus Regulation and is given for the purpose of complying with that schedule and for no other purpose.

### **Basis of Opinion**

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Group in accordance with relevant ethical requirements. In the United Kingdom this is the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro Forma* Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro Forma* Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Section 3 of Annex 20 of the Prospectus Regulation, we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Section 3 of Annex 20 of the Prospectus Regulation.

Yours faithfully,

**Crowe U.K. LLP**

Chartered Accountants

## Section B: Unaudited Pro Forma Financial Information

Set out below is the *Pro Forma* Financial Information, which has been prepared on the basis of the year end financial information of the Enlarged Group as at 31 December 2021, as adjusted for:

- Debt financing;
- Acquisition of the Transaction 1 Assets; and
- Acquisition of the Transaction 2 Assets.

as set out in the notes below. The *Pro Forma* Financial Information has been prepared for illustrative purposes only and because of its nature will not represent the actual financial position of the Enlarged Group as at the date of Admission.

### Unaudited pro-forma net assets

USD \$	(Audited) The Group (Note 1)	Debt financing (Note 2)	Transaction costs (Note 3)	Acquisition of the Transaction 1 Assets (Note 4)	Acquisition of the Transaction 2 Assets (Note 5)	(Unaudited) <i>Pro forma</i> net assets of the Enlarged Group
<b>Non-current assets</b>						
Tangible exploration assets	—	—	—	33,073,979	113,019,249	146,093,228
Intangible exploration assets	21,289,285	—	—	—	—	21,289,285
Fixtures, fittings and equipment	724,363	—	—	—	—	724,363
<b>Total non-current assets</b>	<b>22,013,648</b>	<b>—</b>	<b>—</b>	<b>33,073,979</b>	<b>113,019,249</b>	<b>168,106,876</b>
<b>Current assets</b>						
Trade receivables	288,357	—	—	—	—	288,357
Cash and cash equivalents	37,726,913	66,514,140	(2,041,625)	(21,273,979)	(59,019,249)	21,906,200
<b>Total current assets</b>	<b>38,015,270</b>	<b>66,514,140</b>	<b>(2,041,625)</b>	<b>(21,273,979)</b>	<b>(59,019,249)</b>	<b>22,194,557</b>
<b>Total assets</b>	<b>60,028,918</b>	<b>66,514,140</b>	<b>(2,041,625)</b>	<b>11,800,000</b>	<b>54,000,000</b>	<b>190,301,433</b>
<b>Non-current liabilities</b>						
Contingent consideration payable	—	—	—	11,000,000	50,000,000	61,000,000
Decommissioning provision	—	—	—	800,000	4,000,000	4,800,000
Non-current debt financing	—	49,401,140	—	—	—	49,401,140
Lease liability	382,285	—	—	—	—	382,285
<b>Total non-current liabilities</b>	<b>382,285</b>	<b>49,401,140</b>	<b>—</b>	<b>11,800,000</b>	<b>54,000,000</b>	<b>115,583,425</b>
<b>Current liabilities</b>						
Current debt financing	—	17,113,000	—	—	—	17,113,000
Trade and other payables	255,942	—	—	—	—	255,942
Other accruals	260,815	—	—	—	—	260,815
Lease liability	234,466	—	—	—	—	234,466
<b>Total current liabilities</b>	<b>751,223</b>	<b>17,113,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>17,864,223</b>
<b>Total liabilities</b>	<b>1,133,508</b>	<b>66,514,140</b>	<b>—</b>	<b>11,800,000</b>	<b>54,000,000</b>	<b>133,447,648</b>
<b>Net assets</b>	<b>58,895,410</b>	<b>—</b>	<b>(2,041,625)</b>	<b>—</b>	<b>—</b>	<b>56,853,785</b>

#### Notes:

1. The audited year-end financial information of the Group as at 31 December 2021 has been extracted without further adjustment, from Part 5 of this Document "Historical financial information of the Group". No account has been taken of the activities of the Group subsequent to 31 December 2021, except for those set out in the notes below.
2. As set out in paragraph 5 of Part 1 of the Admission Document, the Group entered into a debt facility dated 9 August 2022 with Trafigura to finance the purchase of the Transaction 1 and Transaction 2 assets. The debt facility totals \$110m and is repayable at the earlier of five years from the earlier of first utilisation of any of the tranches and the reserve tail date.
3. Transaction costs relate to the total fees incurred by the Company in respect to its re-admission and the purchase of the Transaction 1 and Transaction 2 assets.
4. The acquisition accounting adjustments relate to the capitalising of the acquired Transaction 1 Assets. These have been valued at cost, with a liability recognised in relation to future contingent consideration payable in line with the purchase agreement.
5. The acquisition accounting adjustments relate to the capitalising of the acquired Transaction 2 Assets. These have been valued at cost, with a liability recognised in relation to future contingent consideration payable in line with the purchase agreement.

## PART 7

### ADDITIONAL INFORMATION

#### 1 RESPONSIBILITY

- 1.1 The Directors, whose names appear on page 18 of this document, accept responsibility, individually and collectively, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 ERCE, accepts responsibility for its report set out in Part 9 of this document. To the best of the knowledge of ERCE (which has taken all reasonable care to ensure that said is the case), the information contained in such report is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent that ERCE has relied on information provided by the Company in compiling the Competent Person's Report, ERCE has assumed that such information is accurate and complete.

#### 2 THE COMPANY

- 2.1 The Company was incorporated and registered in England and Wales on 30 September 1983 under the name Ribonwell Limited with registered number 01757721 as a private company limited by shares under the under the Companies Acts 1948 to 1981.
- 2.2 On 31 July 1997, the Company was re-registered as a public company under Section 43 of the Companies Act 1985 and was renamed Lepco PLC.
- 2.3 On 23 October 2002, the Company was renamed 'Sterling Energy plc'.
- 2.4 On 4 May 2021, the Company was renamed 'Afentra plc'.
- 2.5 The principal legislation under which the Company operates is the Act.
- 2.6 The liability of the Company's members is limited.
- 2.7 The Company was issued with a certificate of re-registration pursuant to section 49 of the Companies Act 1985 on 31 July 1997.
- 2.8 The registered office and principal place of business of the Company is High Holborn House, 52-54 High Holborn, London, England, WC1V 6RL and its telephone number is +44 (0)20 7405-4133.
- 2.9 The Company's website is at <https://afentraplc.com>.

### 3 THE GROUP AND ITS PRINCIPAL ACTIVITIES

3.1 The business of the Company and its principal activity is to act as a holding company. The Group's activities and operations are carried on by Afentra (UK) Ltd., a wholly-owned subsidiary of the Company. The Company will, upon Admission, be the holding company of the Group and its subsidiaries will be:-

Name	Registered Number	Principal activity	Status	Country of incorporation	Interest held
Afentra (UK) Ltd	04087253	Exploration for oil and gas	Active	England and Wales	100%
Afentra Overseas Limited	09353584	Investment holding company	Active	England and Wales	100%
Afentra (Angola) Ltd	14048343	Exploration for oil and gas	Active	England and Wales	100%
Afentra Northwest Africa Holdings Limited	107016	Exploration for oil and gas	Active	Jersey	100%
Afentra Energy Holdings Limited	107801	Investment holding company	Active	Jersey	100%
Afentra Energy (East Africa) Limited	285527	Exploration for oil and gas	Active	Jersey	100%

3.2 Save as referred to in the paragraphs above, the Company does not hold any shares or other securities in the capital of any company and is not otherwise part of a group of companies.

### 4 SHARE CAPITAL

4.1 The authorised and issued share capital of the Company as at the date of this document and as it will be immediately following Admission is set out below:-

	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
As at the date of this document Ordinary Shares	220,053,520	£22,005,352	220,053,520	£22,005,352
As at Admission Ordinary Shares	220,053,520	£22,005,352	220,053,520	£22,005,352

4.2 The Company was incorporated with an authorised share capital of £100.00 divided into 100 ordinary shares of £1.00 each of which 2 shares were issued and fully paid. Since 1 January 2019 to 9 August 2022, being the last practicable date prior to publication of this document, there have been no alterations to the Company's share capital.

4.3 At the Company's 2022 Annual General Meeting the Shareholders approved the following authorities:

4.3.1 pursuant to an ordinary resolution of the Company the Directors were generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all of the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares in the Company:

4.3.1.1 up to an aggregate nominal amount of £7,335,117; and

4.3.1.2 up to a further aggregate nominal amount of £7,335,117 in connection with a rights issue to holders of ordinary shares in proportion (as nearly as practicable) to the respective number of Ordinary Shares held by them on the relevant record date, but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the

requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever;

4.3.2 pursuant to a special resolution of the Company the Directors were generally and unconditionally empowered to allot equity securities (including the grant of rights to subscribe for, or to convert any securities into equity securities) for cash either pursuant to the authority described in paragraph 4.3.1 or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment or sale, provided that this authority is limited to:

4.3.2.1 the allotment of equity securities for cash in connection with a rights issue, open offer or other pre-emptive offer to holders of Ordinary Shares on the register of members on a date fixed by the Board where the equity securities respectively attributable to the interests of all such holders of Ordinary Shares are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on that date (subject to such exclusions or other arrangements in connection with the rights issue, open offer or other pre-emptive offer as the Directors deem necessary or expedient to deal with shares held in treasury, fractional entitlements to equity securities and to deal with any legal or practical problems or issues arising in any overseas territory or under the requirements of any regulatory body or stock exchange); and

4.3.2.2 the allotment of equity securities or the sale of treasury shares (otherwise than pursuant to paragraph 4.3.2.1 up to a maximum aggregate nominal amount of £1,100,268; and

4.3.3 pursuant to a special resolution of the Company, the Directors were empowered pursuant to sections 570(1) and 573 of the Act to:

4.3.3.1 allot equity securities of the Company (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the resolution detailed at paragraph 4.3.1 above; and

4.3.3.2 sell ordinary shares (as defined in section 560(1) of the Act) held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to such allotment or sale,

provided that this power is:

4.3.3.3 limited to the allotment of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £1,100,268; and

4.3.3.4 to be used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Company's directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice;

provided that such powers expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of the 2022 Annual General Meeting, except in relation to the purchase of Ordinary Shares the contract for which was concluded before the expiry of such authority, save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry, and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by such resolution had not expired.

4.4 The Directors do not presently intend to exercise the powers set out in paragraph 4.3 of this Part 7.

- 4.5 The Ordinary Shares shall have the rights and be subject to the restrictions referred to in paragraph 5.1 of this Part 7.
- 4.6 Save as set out in paragraphs 4, 6.1 and 6.2 of this Part 7, at Admission the Company will not have any Ordinary Shares in issue or under option. In addition the Company will not have in issue any securities not representing share capital or any outstanding convertible securities.
- 4.7 The Company does not have in issue any securities not representing share capital.
- 4.8 There are no shares held by or on behalf of the Company in itself or by any other member of the Group in the Company.
- 4.9 Save as set out in this document the Company has not issued any convertible securities, exchangeable securities or securities with warrants.
- 4.10 Save as disclosed in this document, no person has any acquisition right over, and the Company has incurred no obligation over, the Company's authorised but unissued share capital or given any undertaking to increase the Company's capital.
- 4.11 Save as disclosed in this Part 7:-
- 4.11.1 no share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
  - 4.11.2 no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - 4.11.3 no commission, discount, brokerage or any other special term has been granted by the Company or any of its subsidiaries or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company or any of its subsidiaries;
  - 4.11.4 no fee and no founder, management or deferred shares have been issued by the Company; and
  - 4.11.5 there has been no change in the amount of the issued share capital of the Company and no material change in the amount of the issued share capital of any of its subsidiaries.

## **5 SUMMARY OF THE ARTICLES OF ASSOCIATION**

### **5.1 Articles**

The Articles of the Company include provisions to the following effect:-

#### **5.1.1 Objects**

The Articles contain no restriction on the objects of the Company.

#### **5.1.2 Capital structure**

The share capital of the Company is represented by an unlimited number of Ordinary Shares having the rights described in the Articles.

#### **5.1.3 Voting rights**

Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every Ordinary Share of which he is the holder. Votes may be given personally or by proxy.

#### **5.1.4 Dividends**

Subject to the Act and as set out in the Articles, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. The Board may at any time declare and pay such interim dividends as appears to be justified by the position of the Company.

Except as otherwise provided by the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the nominal amount of the shares on which the dividend is paid but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal amount of the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

The Board may, by ordinary resolution of the Company, subject to the Act and such terms and conditions as the Board may determine, offer to any holders of Ordinary Shares (excluding any member holding shares as treasury shares) the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution. The entitlement of each holder of shares to new shares shall be such that the relevant value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder would have received by way of dividend. The relevant value shall be calculated by reference to the average of the middle market quotation for the shares on the London Stock Exchange as derived from the AIM appendix to the London Stock Exchange's Daily Official List (or any other publication of a recognised investment exchange showing quotations for the Company's shares) for the day on which the shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or in such other manner as the Board may determine on such basis as it considers to be fair and reasonable. No fractions of a share shall be allotted.

Any dividend or other moneys payable in respect of a share may be paid:-

5.1.4.1 in cash;

5.1.4.2 by cheque or warrant sent by post to the address in the register of members of the person entitled to the moneys or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to the address in the Register of that one of those persons who is first named in the Register in respect of the joint holding or to such person and to such address as the person or persons entitled to the moneys may in writing direct. Every such cheque or warrant shall be made payable to the person or persons entitled to the moneys or to such other person as the person or persons so entitled may in writing direct and shall be sent at the risk of the person or persons so entitled. Any such cheque or warrant may be crossed "account payee" although the Company shall not be obliged to do so;

5.1.4.3 by bank transfer to such account (of a type approved by the Board) as the person or persons entitled to the moneys may in writing direct; or

5.1.4.4 by such other method of payment approved by the Board as the person or persons entitled to the moneys may in writing agree to.

#### 5.1.5 **Redemption**

Subject to the provisions of the Act and the Articles, the Company can issue shares which are required to be redeemed and shares which may be redeemed at the option of the Company or the relevant member.

#### 5.1.6 **Variation of class rights**

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of the shares in issue may from time to time be varied or abrogated, whether or not the Company is being wound up, with the sanction of a special resolution passed at a separate meeting of holders of the issued shares of the class held in accordance with the Articles (but not otherwise).

The special rights conferred on the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The rights conferred on the holders of shares shall be deemed not to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of Ordinary Shares be required to any variation or abrogation effected by a resolution on which only the holders of Ordinary Shares are entitled to vote.

#### 5.1.7 **Issue of shares**

Subject to the provisions of the Act and without prejudice to any rights attaching to any existing shares, shares may be issued with such rights or restrictions as the Company may, by ordinary resolution, determine or in the absence of such determination, or as far as any such resolution does not make specific provision, as the Board may determine.

#### 5.1.8 **Form and transfer of shares**

The Board may issue shares as certificated or uncertificated shares, subject to any restrictions on transfers described below:-

A share held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form which the Board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. A share held in uncertificated form may be transferred by means of a relevant system. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the Register as its holder.

Every member (other than a person who is not entitled to a certificate under the Act) is entitled, on becoming a holder of any shares in certificated form and without payment, to a certificate for all shares of each class held by him in certificated form. If a share certificate is defaced, worn out or said to be stolen, lost or destroyed, it may be replaced on such terms (if any) as to evidence and indemnity with or without security and otherwise as the Board may decide. Where the certificate is defaced or worn out, the old certificate must be delivered to the Company before a new certificate is issued. The Board may require the payment of any exceptional out-of-pocket expenses of the Company incurred in connection with the issue of any certificates.

The Board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that, where any such shares are admitted to the Official List of the UKLA or admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer of shares held in certificated form unless the instrument of transfer is:-

5.1.8.1 duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the Transfer Office or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;

5.1.8.2 for a share upon which the Company has a lien;

5.1.8.3 delivered for registration to the Company, accompanied by the certificate for the shares being transferred;

5.1.8.4 in respect of only one class of shares; and

5.1.8.5 in favour of not more than four transferees.

If the Board refuses to register a transfer of shares held in certificated form, it shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the Register affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but (except in the case of fraud) any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

For all purposes of these Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

If a member dies, the transmittee shall be the only person recognised by the Company as having any title to his shares; but nothing contained in these Articles shall release the estate of the deceased member from any liability in respect of any share which had been held (whether solely or jointly) by him.

#### 5.1.9 **Calls**

Subject to the terms of allotment, the Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares including any premium and each member shall (subject to being given at least 14 clear days' notice specifying where and when payment is to be made) pay to the Company the specified amount called on his shares. If any sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid. Interest shall be paid at a such rate (not exceeding 15 per cent. Per annum) as the Board may decide. The Board may at their discretion waive payment of any such interest in whole or in part.

#### 5.1.10 **Forfeiture**

If a member fails to pay any call or instalment of a call on the day appointed for payment of such call or instalment, the Board may serve a notice on him requiring payment of so much of the amount unpaid, together with any interest which may have accrued and any expenses which have been incurred by the Company due to the default, by a date not less than 14 clear days from the date of the notice. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited. An entry of such notice having been given and of the date of forfeiture shall immediately be made in the Register in respect of such share.

A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determine and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Board think fit.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding such forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with all expenses and interest from the date of forfeiture or surrender until payment, but his liability shall cease if and when the Company receives payment in full of the unpaid amount.

A statutory declaration in writing that the declarant is a Director or the secretary of the Company, and that the particular share of the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the forfeited share.

#### 5.1.11 **Disclosure of interests**

The Company may give notice to any member or any person whom the Company knows or has reasonable cause to believe (a) to be interested in the Company's shares or (b) to have been so interested at any time in the three years immediately preceding the date on which the notice is issued. The notice may require the person (a) to confirm that fact or (as the case may be) to state whether or not it is the case and (b) if he holds, or has during that time held, any such interest, to give such further information as may be required in accordance with section 793 of the Act (including particulars of the interest (present or past) and the identity of the persons interested in the shares in question).

If the Company has served a disclosure notice on a member or any other person appearing to be interested in shares referred to in the disclosure notice, and the Company has not received the information required in the disclosure notice within fourteen days after service of the disclosure notice, the Board may determine that the member holding the specified shares shall be subject to restrictions in respect of those shares (including restrictions as to voting and, where the specified shares represent at least 0.25% of the issued shares of their class, the right to transfer the shares and right to receive dividends).

#### 5.1.12 **Directors**

Unless otherwise determined by the Board, the number of directors shall be not less than two.

The Directors may be paid all reasonable travelling, hotel and other expenses as they may properly incur in connection with their attendance at meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director, employee or former employee who has held but no longer holds any office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking or a predecessor in business of the Company or of any subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him and may establish, maintain, subscribe and contribute to any fund and pay premiums for the purchase or provision of any such benefit. The power conferred by the Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries, in connection with the cessation or the transfer to any person of the whole or party of the undertaking of the Company or any subsidiary shall be exercised by the Board.

At each annual general meeting all Directors shall retire from office except any Director appointed by the Board in the period between the notice of the annual general meeting being given and the annual general meeting being held. Unless the Director is removed or his office is vacated, a Director who retires at an annual general meeting shall be deemed to be re-appointed, if willing to act. Any Director may be removed from office by ordinary resolution of the Company of which special notice has been given in accordance with section 312 of the Act. The Directors are not subject to a mandatory retirement age.

#### 5.1.13 **Directors' interests**

A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board.

A Director may not vote (or be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by his interest in shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or insurance policies for the benefit of Directors or (ii) in circumstances where a Director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.

Any Director may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

#### 5.1.14 **Disclosure of interests**

Subject to the provisions of the Act, and provided that he has disclosed to the Board the nature and extent of any interest of his in accordance with the Articles, a Director notwithstanding his office:-

- (i) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (ii) may be a Director or other officer of, or employed by or party to any transaction or arrangement with, or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (iii) shall not be, by reason of his office, accountable to the Company for any benefits derived from any such office or employment or from any transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

#### 5.1.15 **Authorisation of interests**

The Directors may authorise, to the fullest extent permitted by law, any matter proposed to them which would otherwise result in a Director infringing his duty under the Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest.

Authorisation of a matter is effective only if (i) the matter has been proposed to the Directors at a meeting of the Directors or for the authorisation of the Directors by resolution in writing and in accordance with the Board's normal procedures or in such other manner as the Board may approve, (ii) any requirement as to quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question and any other interested Director; and (iii) the matter has been agreed to without the Director in question and any other interested Director voting or would have been agreed to if their votes had not been counted.

An interest of a person connected with a Director shall be treated as an interest of the Director. Section 252 of the Act shall determine whether a person is connected with a Director.

#### 5.1.16 **Borrowing powers**

The Board may exercise all the powers of the Company to borrow money and to give guarantees, hypothecate, mortgage, charge or pledge the assets, property and undertaking of the Company or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowing powers of the Company to the extent that the aggregate amounts borrowed by the Group shall not exceed an amount equal to twenty five times the Adjusted Capital and Reserves without previous sanction of an ordinary resolution of the Company.

#### **5.1.17 Annual General Meetings and General Meetings**

An annual general meeting shall be held at such time and place as the Board may determine. The Board may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith convene a general meeting. If there are not sufficient Directors capable of acting to call a general meeting, any Director may call a general meeting. If there is no Director able to act, any two members may call a general meeting for the purpose of appointing Directors.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. A quorum is two members present in person or by proxy and entitled to vote upon the business to be transacted at the meeting.

The annual general meeting shall be called by at least 21 days' clear notice in writing. A meeting of the Company other than an annual general meeting shall be called by not less than 14 days' clear notice. The notice shall specify the place, the day and the time of the meeting and the general nature of the business to be transacted of the meeting, including the text of all resolutions to be considered. Every member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

The accidental omission to give notice of a meeting, or to send an instrument of proxy or invitation to appoint a proxy as provided by these Articles, to any person entitled to receive notice, or the non-receipt of notice of a meeting or instrument of proxy or invitation to appoint a proxy by such a person, shall not invalidate the proceedings at that meeting.

Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member. The Company may specify in the notice, not more than forty-eight hours before the time fixed for the meeting, by which a person must be entered in the Register in order to have the right to attend or vote at the meeting or appoint a proxy to do so.

#### **5.1.18 Annual Accounts and Financial Statements**

Save as provided in the Articles, a copy of the annual accounts of the Company together with a copy of the auditors' report and the Directors' report and any other documents required to accompany or to be annexed to them shall, not less than 21 clear days before the date of the general meeting at which copies of those documents are to be laid, be sent to every member and to every debenture holder of the Company and to every other person who is entitled to receive notices from the Company of general meetings.

Copies of the documents referred to in the Articles need not be sent:-

- (i) to a person who is not entitled to receive notices of general meetings and of whose address the Company is unaware; or
- (ii) to more than one of the joint holders of shares or debentures in respect of those shares or debentures,

provided that any member or debenture holder to whom a copy of such documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

#### 5.1.19 **Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

#### 5.1.20 **Untraceable shareholders**

The Company shall be entitled to sell at the best price reasonably obtainable any member's shares or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if:-

- (i) for a period of twelve years, no cash dividend payable in respect of the shares has been claimed, no cheque or warrant sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled to the shares at his address on the Register or (if different) the last known address given by the member or the person so entitled to which cheques and warrants are to be sent has been paid, each attempt to make a payment in respect of the shares by means of bank transfer or other method for the payment of dividends or other moneys in respect of shares has failed and no communication has been received by the Company from the member or the person so entitled (in his capacity as member or person entitled);
- (ii) in such period of twelve years at least three dividends (whether interim or final) have become payable on the shares;
- (iii) the Company has at the expiration of the said period of twelve years given notice of its intention to sell such shares by sending a notice to the member or other person entitled at the address on the Register or other last known address (and before that have used reasonable effort to trace the member or other person entitled (including a tracing agent or giving notice by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in the Articles is located)) ; and
- (iv) during the period of three months following the notice the Company has received no communication in respect of such share from such member or person entitled.

If at any time during or after the said period of 12 years further shares have been issued in right of those held at the commencement of that period or of any issued in right during that period and, since the date of issue, the requirements of the Articles have been satisfied in respect of such further shares, the Company may also sell the further shares.

To give effect to such a sale pursuant to the Articles the Board may authorise any person to execute an instrument of transfer or otherwise effect the transfer of the shares to be sold. If the shares concerned are in uncertificated form, in accordance

with the CREST Regulations, the Company may issue a written notification to the Operator requiring conversion of the shares into certificated form. The purchaser shall not be bound to see to the application of the purchase moneys and the title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled to the shares for an amount equal to the net proceeds, which shall be a debt of the Company, and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created and no interest shall be payable in respect of the debt, and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments for the benefit of the Company as the Board may from time to time determine.

## 6 SHARE OPTION SCHEMES

### 6.1 Founders Plan

#### 6.1.1 Summary

6.1.1.1 The Founders Plan is a value creation plan which is designed to incentivise participants to deliver exceptional returns for shareholders over a five-year period. Under the Founders Plan, participants are eligible to receive 15% of the growth in total shareholder returns of the Company over a five-year period, beginning on 16 March 2021, but provided that total shareholder returns have doubled over that period.

#### 6.1.2 Eligibility

6.1.2.1 Any employee (including an executive director) of any member of the Group is eligible to participate in the Founders Plan at the discretion of the Remuneration Committee.

6.1.2.2 In practice, participation in the Founders Plan is limited to those executive directors who have invested their own funds in Ordinary Shares.

#### 6.1.3 Form of award

6.1.3.1 Awards granted under the Founders Plan ("**Founders Plan Awards**") are granted in the form of a conditional right to be granted a nil-cost option over Ordinary Shares (a "**Nil Cost Option**") on the basis described in greater detail in '*Conversion of Founders Plan Awards into Nil Cost Options*' below).

6.1.3.2 Founders Plan Awards may be granted by the Remuneration Committee at any time with the period of five years commencing on 16 March 2021 and ending on 15 March 2026 (the "**Plan Period**"), subject to any applicable dealing restrictions. The following conditional Founder Plan Awards were made on 5 August 2022 to the Company's founders under the Founders Plan (the "**Initial Awards**") which are expressed below in each case as a % of the Nil Cost Options to be awarded to the founders in aggregate in the event that the threshold conditions for the award of Nil Cost Options is met. The Initial Awards are conditional upon Sonangol Completion.

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

6.1.3.3 For the avoidance of doubt, when Founders Plan Awards are granted they do not represent a right to receive a specific number of Ordinary Shares (or to receive a Nil-Cost Option over a specific a number of Ordinary Shares) – instead, they represent a future right to be granted a Nil-Cost Option over

such number of Ordinary Shares as are worth, as at the relevant 'Measurement Date', the individual's relevant percentage allocation of the 'Total Allocation'. This is explained in greater detail in paragraph 6.1.4.1 below.

#### 6.1.4 Conversion of Founders Plan awards into Nil Cost Options

6.1.4.1 On each of 16 March 2024, 16 March 2025 and 16 March 2026 (the "**First**", "**Second**" and "**Third Measurement Dates**" respectively, and each a "**Measurement Date**"), Founders Plan Awards will convert into Nil Cost Options over Ordinary Shares. The number of Ordinary Shares under any Nil Cost Option into which a Founders Plan Awards will convert will be determined by the Remuneration Committee on the following basis:

- **STEP 1:** The Remuneration Committee will calculate the average of the closing middle market quotation of an Ordinary Share over the 30-day period ending immediately prior to the relevant Measurement Date (excluding any days when any dealing restrictions apply) plus dividends paid over the Plan Period to date (the "**Measurement Total Shareholder Return**").
- **STEP 2:** The Founders Plan Award shall only convert into a Nil Cost Option if the Measurement Total Shareholder Return for the relevant Measurement Date is greater than or equal to the "**Threshold**". The Threshold is an amount equal to the average closing price of an Ordinary Share over the 30-day period ending immediately before the start of the Plan Period (the "**Initial Price**"), multiplied by:
  - in respect of the First Measurement Date, 25.99% per annum (compounded);
  - in respect of the Second Measurement Date, 18.92% per annum (compounded); and
  - in respect of the Third Measurement Date, 14.87% per annum (compounded);
- **STEP 3:** If the Threshold is met, the Remuneration Committee will determine the overall proportion of the Measurement Total Shareholder Return which is to be delivered to all participants in the Founders Plan (the "**Total Allocation**") on the following basis:
  - the Initial Price shall be deducted from the Measurement Total Shareholder Return for the relevant Measurement Date (or, in the case of the Second and Third Measurement Dates, the highest previous Measurement Total Shareholder Return which resulted in a conversion of a Founders Plan Award into a Nil Cost Option shall be deducted from the Measurement Total Shareholder Return amount for the relevant Measurement Date); and
  - such amount shall be multiplied by 15%.
- **STEP 4:** Each individual participant's share of the Total Allocation (as determined in accordance with Step 3) will be determined by multiplying the Total Allocation by that participant's individual allocation (expressed as a percentage share) of the Total Allocation. Each participant's individual allocation of the Total Allocation will be determined by the Remuneration Committee when their Founders Plan Award is first granted.
- **STEP 5:** Each participant will be granted a Nil Cost Option over such number of Ordinary Shares as is equal to the value of their share of the Total Allocation.

6.1.4.2 If any Ordinary Shares are issued by the Company in connection with an acquisition, investment or other transaction made by the Group which is funded in whole or in part by the issue of new shares in the capital of the Company, the Grantor may determine that each participant shall be entitled to receive additional Founder Plan Awards in proportion to the number of new Ordinary Shares issued as part of that acquisition, investment or transaction ("**New Equity Awards**"). The Threshold for any new Equity Awards is the price per Ordinary Share at which any new shares were issued as part of the relevant acquisition, investment or transaction.

6.1.5 *Overall limits*

6.1.5.1 No Nil Cost Option may be granted if the number of Ordinary Shares over which all Nil Cost Options have been granted:

- would exceed 10% of the issued ordinary share capital of the Company at that time; and
- when aggregated with any options or awards over Ordinary Shares granted in the preceding 10 year period under any other employees' share scheme operated by any member of the Group, would cause the number of new Ordinary Shares which are capable of being issued in satisfaction of such options or awards or any Nil Cost Options to exceed 15% of the issued ordinary share capital of the Company from time to time.

6.1.5.2 Any conversion of Founders Plan Awards into Nil Cost Options shall be scaled-back to ensure that the above limits are met.

6.1.5.3 Ordinary Shares transferred from treasury will be treated as newly issued for the purpose of the limit in the second bullet point of paragraph 6.1.5.1 until such time as guidelines published by institutional investor representative bodies determine otherwise.

6.1.6 *Individual limit*

6.1.6.1 No individual participant may be granted a Nil Cost Option over Ordinary Shares where the value of such Ordinary Shares is greater than £25 million, as at the date that the Nil Cost Option is granted. This individual limit applies cumulatively to all Ordinary Shares granted under Nil Cost Options on any Measurement Date. Nil Cost Options shall be scaled-back to ensure that the individual limit is met.

6.1.7 *Vesting, release and exercise*

6.1.7.1 Nil Cost Options which are granted prior to the Third Measurement Date will vest and become exercisable:

- as to 50% of the total number of Ordinary Shares granted under the Nil Cost Option, immediately on the date on which the Nil Cost Option is granted; and
- as to the remaining 50% of the total number of Ordinary Shares granted under the Nil Cost Option, on the Third Measurement Date.

6.1.7.2 Nil Cost Options which are granted on or after the Third Measurement Date will immediately vest and become exercisable in full.

- Once vested, Nil Cost Options are exercisable at any time up to the tenth anniversary of the date on which the original Founders Plan Award was granted to the relevant participant, subject to any applicable dealing restrictions.
- No payment is required from a participant in order to exercise their Nil Cost Option and receive their Ordinary Shares.

6.1.7.3 The Board may adjust (including by reducing to nil) the extent to which a Nil Cost Option will vest and become exercisable if it considers that the

vesting level is not a fair and accurate reflection of business performance, the relevant participant's personal performance or other such factors the Remuneration Committee may consider appropriate.

6.1.7.4 The Remuneration Committee will have discretion to settle Nil Cost Options in whole or in part with a cash payment equal to the value of the Ordinary Shares that would otherwise have been acquired.

#### 6.1.8 *Malus and clawback*

6.1.8.1 At any time before the second anniversary of a Nil Cost Option's vesting date, in the circumstances referred to below, the Remuneration Committee may:

- reduce in whole or in part (including, for the avoidance of doubt, to nil) the number of Ordinary Shares over which a Nil Cost Option may be granted, or the number of Ordinary Shares subject to an existing Nil Cost Option;
- require the participant to return all or some of the Ordinary Shares acquired on exercise of a Nil Cost Option, or an amount equal to the sales proceeds of (or any other benefit of value derived from) any such Ordinary Shares;
- reduce the amount of any future bonus payable to the relevant participant; and/or
- reduce the number of Ordinary Shares under any future option or award to be granted to the relevant participant, or the number of Ordinary Shares under any existing option award already granted to the relevant participant, under any other employees' share scheme operated by any member of the Group (other than any all-employee share plan).

6.1.8.2 The relevant circumstances are:

- the discovery of a material misstatement resulting in an adjustment in the audited accounts of any member of the Group for a period that was wholly or partly before the end of the period over which Measurement Total Shareholder Return was assessed;
- any action or conduct of a participant which, in the reasonable opinion of the Remuneration Committee, amounts to fraud or gross misconduct; and/or
- discovery of a material failure of risk management of the Company, any member of the Group or a business unit of the Group; and/or
- the Company or any member of the Group or business unit of the Group becoming insolvent or otherwise suffering a corporate failure so that the value of Ordinary Shares is materially reduced, provided that the Remuneration Committee determines that the relevant participant should be held responsible (in whole or in part) for that insolvency or corporate failure.

#### 6.1.9 *Cessation of employment*

6.1.9.1 *Founders Plan Awards*: Ordinarily, Founders Plan Awards which have not yet converted into Nil Cost Options will lapse on termination of the relevant participant's employment.

6.1.9.2 However, if a participant ceases to hold office or employment by reason of death, injury, disability, ill health, redundancy, retirement, or because the participant's employer company ceases to be a member of the Group or the participant is employed in a business which is transferred out of the Group, or for any other reason at the Remuneration Committee's discretion, any Founders Plan Awards that the participant holds will usually continue until

the next Measurement Date and convert into a Nil Cost Option. The extent to which the Founders Plan Award will convert into a Nil Cost Option will be determined: (1) in accordance with the principles outlined in “*Conversion of Founders Plan awards into Nil Cost Options*” above; and (2) unless the Remuneration Committee determines otherwise, the proportion of the period from the start of the Plan Period to the Third Measurement Date that has elapsed at the date of cessation. The Remuneration Committee will retain discretion to allow Founders Plan Awards to convert into Nil Cost Options on a later Measurement Date than the Third Measurement Date.

6.1.9.3 Any Founders Plan Award which is granted in the form of an Option will be capable of exercise for a period of 12 months following the relevant vesting date.

6.1.9.4 *Nil Cost Option*: If a participant ceases to hold office or employment after any conversion of their Founders Plan Award into a Nil Cost Option, they shall be entitled to retain such Nil Cost Option and which may be exercised within the period of 6 months following the later of cessation of employment or the relevant vesting date (or, in exceptional circumstances, on any earlier date determined by the Remuneration Committee. If any Nil Cost Option is not exercised at the end of such period it will lapse.

#### 6.1.10 *Corporate events*

6.1.10.1 *Founders Plan Awards*: In the event of a takeover of the Company (whether by way of general offer, compulsory acquisition or scheme or arrangement) or on notice being given of a voluntary winding-up (a “**Corporate Event**”), any Founders Plan Award which has not yet converted into a Nil Cost Option will convert into a Nil Cost Option on the basis that:

- the date of the Corporate Event is the final Measurement Date;
- the value of the consideration offered in connection with the Corporate Event (or the proceeds per Ordinary Share realised on the winding-up) will be used to determine Measurement Total Shareholder Return; and
- the Threshold percentage shall be 14.87 per cent per annum (compounded) (i.e. the Threshold for the Third Measurement Date).

6.1.10.2 Alternatively, on the occurrence of a Corporate Event the Remuneration Committee may specify that any Founders Plan Awards shall cease to be capable of conversion into a Nil Cost Option and the relevant participant shall be invited instead to exchange their Founders Plan Award for an equivalent award over shares in any new acquiring company (subject to the consent of such acquiring company)

6.1.10.3 *Nil Cost Options*: On the occurrence of a Corporate Event, any unvested Nil Cost Options shall vest immediately on the date of the Corporate Event. The Nil Cost Options may then be exercised within a 6 month period following the date of the Corporate Event.

6.1.10.4 If the Remuneration Committee becomes aware that the Company will be affected by a demerger, distribution (other than an ordinary dividend) or other event, the Remuneration Committee may determine that any Nil Cost Options shall vest and become capable of exercise as at the date of such event and for such period as may be specified by the Remuneration Committee (and, if not exercised at the end of such period, will lapse).

6.1.10.5 Alternatively, on the occurrence of a Corporate Event the Remuneration Committee may specify that any Nil Cost Option shall not vest and become exercisable and the relevant participant shall be invited instead to exchange their Nil Cost Options for an equivalent award over shares in any new acquiring company (subject to the consent of such acquiring company)

### 6.1.11 *Adjustment*

6.1.11.1 In the event of any variation of the Company's share capital (including a rights issue) or a special dividend or an event affecting the capital or funding of the Group (including where the Group makes any acquisition which is funded in whole or in part by debt financing), the Remuneration Committee shall adjust:

- in relation to a Founders Plan Award, the Initial Price, the Threshold, the individual participant's allocation and/or the description of the shares which are the subject of the Founders Plan Award; or
- in relation to a Nil Cost Option, the number of Ordinary Shares subject to the Nil Cost Option, the description of the shares which are the subject of the Plan Shares, or any one or both of these, in such manner as the Remuneration Committee considers appropriate, unless a New Equity Award is granted instead.

### 6.1.12 *Amendment*

6.1.12.1 The Remuneration Committee may amend the Founders Share Plan at any time, provided that no amendment to the material disadvantage of existing rights of participants may be made unless: (1) the Remuneration Committee reasonably considers that the amendment is required on account of any legal or regulatory requirement and the amendment is necessary to comply with such requirement; or (2) every participant who may be affected by such amendment has been invited to indicate whether or not they approve the amendment and the amendment is approved by a majority of participants who have so indicated.

### 6.1.13 *General*

6.1.13.1 Founders Plan Awards and Nil Cost Options are not transferable (other than on death or to a trustee to hold on behalf of a participant).

6.1.13.2 No payment will be required for the grant of a Founders Plan Awards or a Nil Cost Option.

6.1.13.3 Neither Founders Plan Awards nor Nil Cost Options will not form part of pensionable earnings.

6.1.13.4 Neither Founders Plan Awards nor Nil Cost Options shall entitle a participant to vote or receive dividends until such time as the Nil Cost Option has been exercised and Ordinary Shares have been delivered to the participant in satisfaction of such exercise.

## 6.2 **LTIP**

### 6.2.1 *Summary*

6.2.1.1 The LTIP is a discretionary share plan which is intended to incentivise members of senior management through the grant of options or awards over Ordinary Shares. The vesting of such options or awards and the receipt of Ordinary Shares is subject to the participant's continued employment over a vesting period (ordinarily of three years) and may or may not be subject to the achievement of performance conditions.

### 6.2.2 *Eligibility*

6.2.2.1 Any employee (including an executive director) of the Company or any member of the Group is eligible to participate in the LTIP at the discretion of the Remuneration Committee. In practice, executive directors who participate in the Founders' Plan will not participate in the LTIP and be granted LTIP awards until such time as their Founders' Plan Awards have either vested or lapsed.

### 6.2.3 *Form of award*

6.2.3.1 An award under the LTIP may be granted in the form of:

- a conditional right to acquire Ordinary Shares at no cost (a “**Conditional Award**”); or
- an option to acquire Ordinary Shares (an “**Option**”), either for no cost or on payment of an exercise price specified by the Remuneration Committee when the Option is granted.

6.2.3.2 In this paragraph 6.2, Conditional Awards and Options granted under the LTIP are together referred to as “**LTIP Awards**”.

6.2.3.3 Any LTIP awards may, at the Remuneration Committee’s discretion:

- be subject to one or more conditions related to Company, Group, individual or other performance and which determines the extent to which such LTIP Award shall vest (a “**Performance Share Award**”); or
- be subject only to a continued employment requirement (a “**Restricted Share Award**”).

6.2.3.4 Conditional Awards to acquire, in aggregate, 1,677,460 Ordinary Shares have been granted to participants in the LTIP. All such Conditional Awards are conditional upon Sonangol completion.

6.2.3.5 See ‘*Vesting of LTIP Awards*’ below for further details.

### 6.2.4 *Grant of LTIP Awards*

6.2.4.1 Ordinarily, LTIP Awards may only be granted within the six-week period following announcement of the Company’s results for any period (or, if any dealing restrictions would prevent the grant of an LTIP Award within such six-week period, on the dealing day immediately following the lifting of such dealing restrictions). However, the Board may grant LTIP Awards at other times in exceptional circumstances.

### 6.2.5 *Overall limits*

6.2.5.1 In any ten year period, the number of new Ordinary Shares which may be issued to satisfy LTIP Awards (when aggregated with the number of Ordinary Shares issued in connection with the satisfaction of options or awards granted under any other employees’ share plan adopted by the Company or any member of the Group) may not exceed 15% of the issued ordinary share capital of the Company from time to time.

6.2.5.2 Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

### 6.2.6 *Individual limit*

6.2.6.1 The LTIP provides that a participant may not be granted an LTIP Award in respect of a financial year of the Company over Ordinary Shares with a market value in excess of:

- in the case of a Performance Share Award, 100% of their base salary; or
- in the case of a Restricted Share Award, 50% of their base salary.

### 6.2.7 *Vesting of LTIP Awards*

6.2.7.1 LTIP Awards which are granted as Performance Share Awards will be subject to the satisfaction of one or more performance conditions which will determine the proportion (if any) of the LTIP Award which will vest at the end of a performance period. Performance Share Awards are ordinarily granted subject to performance conditions requiring the price of an Ordinary

Share to have increased by 15% over the relevant three-year performance period for a minimum threshold of vesting of LTIP Awards, increasing to full vesting in the event the price of an Ordinary Share has doubled over the relevant three-year performance period.

6.2.7.2 LTIP Awards which are granted as Restricted Share Awards are not subject to performance conditions which determine the extent to which such LTIP Awards vest. However, the Remuneration Committee may specify one or more underpin conditions which require a minimum threshold of performance to be met in order the LTIP Award to vest.

6.2.7.3 A performance condition or an underpin condition may be amended or substituted by the Remuneration Committee if an event has occurred which causes the Remuneration Committee to consider that it would reasonably be appropriate to amend the performance or underpin condition (as applicable), the amended performance / underpin condition is not materially less difficult to satisfy than the unaltered performance / underpin condition would have been but for the event in question.

#### 6.2.8 *Vesting, release and exercise*

6.2.8.1 Performance Share Awards will normally vest as soon as practicable following the end of the performance period and to the extent that the performance condition has been satisfied. Restricted Share Awards will vest on a date determined by the Remuneration Committee (which shall ordinarily be no earlier than the third anniversary of the date of grant), subject to the Remuneration Committee's assessment that any underpin condition has been met.

6.2.8.2 Once vested, Conditional Awards are immediately released and Ordinary Shares are delivered to the relevant participant, subject to any applicable dealing restrictions.

6.2.8.3 Once vested, Options are exercisable by the relevant participant at any time up to the tenth anniversary of the grant date and on payment of the associated exercise price (if any), subject to any applicable dealing restrictions.

6.2.8.4 The Board will have discretion to settle LTIP Awards in whole or part with a cash payment equal to the value of the Ordinary Shares that would otherwise have been acquired.

#### 6.2.9 *Malus and clawback*

6.2.9.1 At any time before the second anniversary of a Nil Cost Option's vesting date, in the circumstances referred to below, the Remuneration Committee may:

- reduce in whole or in part (including, for the avoidance of doubt, to nil) the number of Ordinary Shares under any LTIP Award (including any vested but unexercised Option);
- require the participant to return all or some of the Ordinary Shares acquired by the participant in connection with an LTIP Award, or an amount equal to the sales proceeds of (or benefit or value derived from) any such Ordinary Shares;
- reduce the amount of any future bonus payable to the relevant participant; and/or
- reduce the number of Ordinary Shares under any future option or award to be granted to the relevant participant, or the number of Ordinary Shares under any existing option award already granted to the relevant participant, under the LTIP or any other employees' share scheme operated by any member of the Group (other than any all-employee share plan).

6.2.9.2 The relevant circumstances are:

- any action or conduct of a participant which, in the reasonable opinion of the Remuneration Committee, amounts to fraud or gross misconduct; and/or
- the discovery of a material misstatement resulting in an adjustment in the Company's financial results for any period that results in an LTIP Award being granted or having vested to a greater extent than would have otherwise been the case;
- discovery of a material failure of risk management of the Company, any member of the Group or a business unit of the Group; and/or
- the Company or any member of the Group or business unit of the Group becoming insolvent or otherwise suffering a corporate failure so that the value of Ordinary Shares is materially reduced, provided that the Remuneration Committee determines that the relevant participant should be held responsible (in whole or in part) for that insolvency or corporate failure.

6.2.9.3 If the Remuneration Committee concludes that there may be circumstances existing which may lead to any malus or clawback provision being applied, it may delay the vesting of an LTIP Award for up to 12 months while the position is investigated.

#### 6.2.10 *Cessation of employment*

6.2.10.1 Ordinarily, unvested LTIP Awards will lapse on termination of the relevant participant's employment.

6.2.10.2 However, if a participant ceases to hold office or employment by reason of injury, disability, ill health, redundancy, retirement, or because the participant's employer company ceases to be a member of the Group or the participant is employed in a business which is transferred out of the Group, or for any other reason at the Remuneration Committee's discretion, any unvested LTIP Awards that the participant holds will usually continue and vest at the originally envisaged vesting date. The extent to which the LTIP Award vests will be determined taking into account: (1) the extent to which the applicable performance or underpin conditions (if any) are satisfied, as determined by the Remuneration Committee; and (2) unless the Remuneration Committee determines otherwise, the proportion of the vesting period that has elapsed at the date of cessation. The Remuneration Committee will retain discretion in exceptional circumstances to vest and release the LTIP Award at the date of cessation, and to assess any performance condition accordingly.

6.2.10.3 If a participant dies, any unvested LTIP Award the participant holds will vest as soon as reasonably practicable, with the level of vesting determined on the same basis as noted above.

6.2.10.4 Any LTIP Award which is granted in the form of an Option will be capable of exercise for a period of 12 months following the relevant vesting date.

#### 6.2.11 *Dividends*

6.2.11.1 The Company may provide cash or additional Ordinary Shares to a participant based on the value of dividends paid on vested Ordinary Shares over a period ending no later than the date on which the LTIP Award is released. The Remuneration Committee shall determine the basis on which this amount is calculated which may assume the reinvestment of the dividends into Ordinary Shares.

#### 6.2.12 *Corporate events*

- 6.2.12.1 Following a Corporate Event, LTIP Awards will vest and (in the case of Options) become exercisable at the date of (or, at the Remuneration Committee's discretion, in anticipation of) such event.
- 6.2.12.2 The extent to which an unvested LTIP Award will vest in connection with a Corporate Event will be determined taking into account: (1) the extent to which the applicable performance or underpin conditions (if any) are satisfied, as determined by the Remuneration Committee; and (2) unless the Remuneration Committee determines otherwise, the proportion of the vesting / performance period that has elapsed.
- 6.2.12.3 Alternatively, the Board may permit Awards to be exchanged for awards over shares in the acquiring company (and, ordinarily, will require this if the change of control is an internal reorganisation).
- 6.2.12.4 If other events occur such as a demerger, delisting, special dividend or other similar event, the Board may determine that LTIP Awards will vest and become exercisable on such terms as the Remuneration Committee considers appropriate.

#### 6.2.13 *Adjustment*

- 6.2.13.1 In the event of any variation of the Company's share capital (including a rights issue) or a demerger, special dividend, or other similar event, the number of Ordinary Shares subject to an LTIP Award may be adjusted. Any adjustment to the number of Shares subject to an LTIP Award will be determined on such basis as the Remuneration Committee considers appropriate.

#### 6.2.14 *Amendment*

- 6.2.14.1 The Remuneration Committee may amend the LTIP at any time, provided that no amendment to the material disadvantage of existing rights of participants may be made unless every participant who may be affected by such amendment has been invited to indicate whether or not they approve the amendment and the amendment is approved by a majority of participants who have so indicated.

#### 6.2.15 *General*

- 6.2.15.1 LTIP Awards are not transferable (other than on death).
- 6.2.15.2 No payment will be required for the grant of an LTIP Award.
- 6.2.15.3 LTIP Awards will not form part of pensionable earnings.
- 6.2.15.4 LTIP Awards shall not entitle a participant to vote or receive dividends until such time as the LTIP Award has been released and Ordinary Shares have been delivered to the participant in satisfaction of the LTIP Award (although "dividend equivalents" may be provided in respect of Awards as described under the paragraph headed "Dividends" above).

## **7 DIRECTORS' AND OTHER INTERESTS**

- 7.1 The Directors of the Company and their respective functions are set out in Part 1 of this document.

7.2 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member, in addition to their directorship of the Company, are set out below:-

Name	Current directorships and partnerships	Previous directorships and partnerships
Paul McDade	Afentra (UK) Ltd Afentra (Angola) Ltd Afentra North West Africa Holdings Limited Afentra Holdings Limited Afentra (East Africa) Limited Afentra Overseas Limited African Insights Limited	Eagle Drill Limited Planet Oil International Limited Tullow (EA) Holdings Limited Tullow Argentina Limited Tullow Comoros Limited Tullow Congo Limited Tullow Côte D'Ivoire Limited Tullow Côte D'Ivoire Onshore Limited Tullow EG Exploration Limited Tullow Equatorial Guinea Limited Tullow Ethiopia B.V. Tullow Gabon Holdings Limited Tullow Gabon Limited Tullow Gambia Limited Tullow Ghana Limited Tullow Greenland Exploration Limited Tullow Group Services Limited Tullow Guyana B.V. Tullow Jamaica Limited Tullow Kenya B.V. Tullow Madagascar Limited Tullow Mauritania Limited Tullow Mexico B.V. Tullow Mozambique Limited Tullow Namibia Limited Tullow New Ventures Limited Tullow Oil (Jersey) Limited Tullow Oil (Mauritania) Limited Tullow Oil 100 Limited Tullow Oil 101 Limited Tullow Oil Canada Limited Tullow Oil Finance Limited Tullow Oil Holdings (Guernsey) Limited Tullow Oil Plc Tullow Oil SK Limited Tullow Oil SNS Limited Tullow Oil SPE Limited Tullow Senegal Exploration Limited Tullow Tanzania B.V. Tullow Uruguay Limited Tullow Zambia B.V.
Ian Richard Cloke	Navara Energy Ltd	n/a
Anastasia Deulina	Afentra (Angola) Ltd 45 Chiswick Lane Limited Ruby Murex Ltd 7 Montagu Square Limited	n/a
Jeffrey Saunders MacDonald	Hostel 512 LLC Caledonia Properties LLC The Vine Charity USA	Hansa Profit Interest LLP Caledonia Properties II, LLC The Tasty Spoon LLC KrisEnergy Ltd Hansa Hydrocarbons Limited Delta Energy Limited
Gavin Hugh Lothian Wilson	Waterwheel Investments S.A. iMbokodo Exploration and Production Tag Oil Ltd PetroTal Corp	n/a

7.3 Gavin Wilson was a director of Buccaneer Energy Limited, an ASX listed company, from 2013 to 2014. The company and its US subsidiaries filed voluntary petitions for reorganisation under Chapter 11 of the US Bankruptcy Code in 2014. As part of the Chapter 11 proceedings, Buccaneer Energy reached an agreement with its secured lender

resulting in the sale of substantially all of its assets which enabled it to satisfy outstanding claims to its secured lender, other secured creditors and its unsecured creditors. Gavin resigned after the company was wound up following the conclusion of these insolvency proceedings.

7.4 Save as disclosed in this document, none of the Directors:-

7.4.1 is currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership within the five years immediately preceding the date of this document;

7.4.2 has any unspent convictions in relation to indictable offences;

7.4.3 has been declared bankrupt or has entered into an individual voluntary arrangement;

7.4.4 was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;

7.4.5 was a partner in a partnership at the time of or within the 12 months preceding any compulsory liquidation, administration or voluntary arrangement of that partnership;

7.4.6 has had any asset which has been subject to a receivership or was a partner in a partnership at the time of or within the 12 months preceding any asset of the partnership being subject to a receivership; or

7.4.7 has been the subject of any public criticism by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7.5 The interests of the Directors and their immediate families, all of which are beneficial (unless otherwise stated), and of connected persons within the meaning of section 252 of the Act, in the issued share capital of the Company as at the date of this document and as they are expected to be on Admission, together with the percentages which such interests represent of the Ordinary Shares in issue are as follows:-

	At the date of this document		On Admission	
	Number of issued Ordinary Shares held	Percentage of issued Ordinary Share Capital	Number of issued Ordinary Shares	Percentage of issued Ordinary Share Capital
Paul McDade	2,267,000	1.03%	2,267,000	1.03%
Ian Cloke	1,920,555	0.87%	1,920,555	0.87%
Anastasia Deulina	954,141	0.43%	954,141	0.43%
Gavin Wilson <sup>(1)</sup>	2,681,666	1.22%	2,681,666	1.22%
Jeffrey MacDonald	Nil	Nil	Nil	Nil

<sup>(1)</sup> The shareholding for Gavin Wilson includes 2,566,666 Ordinary Shares which are beneficially owned by his daughter who is a connected person within the meaning of section 252 of the Act.

- 7.6 In addition to the interests of the Directors set out in paragraph 7.5 above, as at the date of this document, insofar as is known to the Company, each of the following persons will as at the date of this document and immediately following Admission hold more than 3% of voting rights as a shareholder through his direct or indirect holding of financial instruments:-

	At the date of this document		On Admission	
	Number of issued Ordinary Shares held	Percentage of issued Ordinary Share Capital	Number of issued Ordinary Shares	Percentage of issued Ordinary Share Capital
Zion SPC – Access Fund SP	21,789,361	9.90%	21,789,361	9.90%
Denis O'Brien	15,750,000	7.16%	15,750,000	7.16%
Credit Suisse	14,930,358	6.78%	14,930,358	6.78%
Kite Lake Capital Management (UK) LLP	13,500,000	6.13%	13,500,000	6.13%
YF Finance Limited	13,157,712	5.98%	13,157,712	5.98%
Askar Alshinbayev	13,157,712	5.98%	13,157,712	5.98%
Richard Griffiths and controlled undertakings	13,105,000	5.96%	13,105,000	5.96%
Athos Capital Limited	9,000,000	4.09%	9,000,000	4.09%

- 7.7 Save as set out in paragraph 6.1 of this Part 7, no options over Ordinary Shares have been granted to the Directors.
- 7.8 Save as disclosed above, none of the Directors nor any person connected with the Directors (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any share capital or loan capital of the Company or any of its subsidiary undertakings, or in any options to subscribe for or securities convertible into shares of the Company or any of its subsidiary undertakings.
- 7.9 Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group during the current or immediately preceding financial year and which was effected by the Group and remains in any respect outstanding or unperformed.
- 7.10 There are no loans made or guarantees granted or provided by the Company or the Group to or for the benefit of any Director which are outstanding.
- 7.11 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.
- 7.12 Neither the Directors nor any major Shareholders have different voting rights to the other Shareholders.
- 7.13 None of the Directors or members of their family has a financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.

## **8 DIRECTORS' REMUNERATION AND SERVICE AGREEMENTS**

- 8.1 The Directors have entered into service contracts or consultancy agreements which are summarised below. Save for these agreements there are no service agreements between any Director and the Company or any of the subsidiaries not determinable without payment of compensation (other than statutory compensation) within one year and none are proposed to be entered into.

### 8.1.1 **Paul McDade**

8.1.1.1 On 1 November 2021, Paul entered into a service agreement with the Company for his employment as Chief Executive Officer at an annual salary of £350,000 (salary subject to annual review). The appointment commenced on 1 March 2021.

8.1.1.2 This agreement is terminable on one year's notice by either party and contains confidentiality obligations and restrictive covenants relating to competition and key employees. The Company will maintain medical expenses and permanent health insurance and will make pension payments.

8.1.1.3 Paul is eligible for an annual discretionary bonus and is entitled to participate in the founders' incentive plan.

8.1.1.4 Paul is entitled to receive a fixed amount of compensation in the event his appointment is terminated within three months of the Company undergoing a change of control.

### 8.1.2 **Ian Richard Cloke**

8.1.2.1 On 1 November 2021, Ian entered into a service agreement with the Company for his employment as Chief Operating Officer at an annual salary of £285,000 (salary subject to annual review). The appointment commenced on 1 March 2021.

8.1.2.2 The agreement is terminable on one year's notice by either party and contains confidentiality obligations and restrictive covenants relating to competition and key employees. The Company will maintain medical expenses and permanent health insurance and will make pension payments.

8.1.2.3 Ian is eligible for an annual discretionary bonus and is entitled to participate in the founders' incentive plan.

8.1.2.4 Ian is entitled to receive a fixed amount of compensation in the event his appointment is terminated within three months of the Company undergoing a change of control.

### 8.1.3 **Anastasia Deulina**

8.1.3.1 On 1 November 2021, Anastasia entered into a service agreement with the Company for her employment as Chief Financial Officer at an annual salary of £285,000 (salary subject to annual review). The appointment commenced on 1 May 2021.

8.1.3.2 The agreement is terminable on six months' notice by either party and contains confidentiality obligations and restrictive covenants relating to competition and key employees. The Company will maintain medical expenses and permanent health insurance and will make pension payments.

8.1.3.3 Anastasia is eligible for an annual discretionary bonus and is entitled to participate in the founders' incentive plan.

8.1.3.4 Anastasia is entitled to receive a fixed amount of compensation in the event his appointment is terminated within three months of the Company undergoing a change of control.

### 8.1.4 **Gavin Hugh Lothian Wilson**

8.1.4.1 Gavin is a non-executive director of the Company. Gavin entered into a non-executive appointment agreement, which commenced on 30 March 2021. The annual fee is £45,000. Gavin is required to submit monthly VAT invoices. Gavin is responsible for payment of tax, national insurance, VAT and other contributions required by law. Gavin is expected to attend annual and extraordinary general meetings of the Company and all full Board meetings. In addition, Gavin is also required to act as Chair of the Audit Committee and the Remuneration Committee and serve as a member of the Nominations Committee. Gavin is subject to confidentiality undertakings.

8.1.4.2 Both the Company and Gavin must give three months' notice in order to terminate the appointment. However, the appointment may be terminated by the Company without notice or payment in lieu of notice if terminated in accordance with the Company's Articles or if Gavin is not re-elected by the Company's shareholders.

#### 8.1.5 **Jeffrey Saunders MacDonald**

8.1.5.1 Jeffrey is a non-executive director and Independent Non-Executive Chair of the Company. Jeffrey entered into a non-executive appointment agreement, which commenced on 30 March 2021. The annual fee is £96,000 and is payable in equal monthly instalments through PAYE after deduction of income tax and national insurance contributions. Jeffrey is expected to attend annual and extraordinary general meetings of the Company and all full Board meetings. In addition, Jeffrey is also required to act as Chair of the Nominations Committee and serve as a member of the Remuneration Committee and serve on other committees as requested. Jeffrey is subject to confidentiality undertakings.

8.1.5.2 Both the Company and Jeffrey must give three months' notice in order to terminate the appointment. However, the appointment may be terminated by the Company without notice or payment in lieu of notice if terminated in accordance with the Company's Articles or if Jeffrey is not re-elected by the Company's shareholders.

8.2 The aggregate remuneration including benefits in kind paid to the Directors for the 12 months ended 31 December 2021 was £968,224. The estimated aggregate remuneration, including benefits in kind, to be paid to the Directors in the 12 months ending 31 December 2022 is £1,273,000; this estimate is based on the contractual arrangements currently in place with each Director.

## 9 **WORKING CAPITAL**

9.1 The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Group, taking into account the Acquisition Facility and the Working Capital Facility, will be sufficient for its present requirements and for at least 12 months from the date of Admission.

## 10 **MATERIAL CONTRACTS**

In addition to the Admission Agreement, details of which are set out below, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or the Group during the two years immediately preceding the date of this document and are or may be material:-

### 10.1 **Admission Agreement**

Pursuant to the Admission Agreement Peel Hunt has conditionally agreed, on and subject to the terms set out therein, to act as nominated adviser and broker to the Company in connection with, and to submit, the application for Admission. The obligations of Peel Hunt under the agreement are conditional, *inter alia*, upon the passing of the Resolution.

The Company will pay Peel Hunt a fee together with all costs and expenses and VAT thereon in relation to the provision of services under the agreement and all expenses of and incidental to the application for Admission, including the fees and costs of other professional advisers, all costs relating to the application for Admission, including printing, advertising and distribution charges, and the fees payable to the London Stock Exchange.

The Company and the Directors have given certain warranties in favour of Peel Hunt. Peel Hunt may terminate the agreement in specified circumstances prior to Admission, principally in the event of a material non-compliance with the Admission Agreement or the Acquisition Agreements or any of the warranties contained in the Admission Agreement becoming untrue, incorrect or misleading in any material respect. The Company has also provided certain indemnities.

#### 10.2 **Nomad and Broker Agreement**

Pursuant to the Nomad and Broker Agreement, the Company has appointed Peel Hunt to continue to act as nominated adviser and joint broker to the Company. The agreement may be terminated by either party giving not less than 30 days' notice, such notice not to end prior to the date falling one year from the commencement of the agreement.

#### 10.3 **Registrars Agreement**

On or around the date of this document, the Company will enter into a registrars agreement with the Registrars pursuant to which the Registrars were appointed as the registrar of the Company for a period of one year from the date of Admission. The registrars agreement shall automatically renew for successive periods of 12 months upon expiry of the original term, unless terminated by the Company or the Registrars. The appointment is subject to termination, *inter alia*, by either the Company or Registrars giving not less than three months' prior written notice. The Company has agreed to pay the Registrars an annual fee for their services as registrar, together with disbursements and out of pocket expenses.

#### 10.4 **Lock-in Agreements**

Please refer to the summary of the principal terms of the Lock-in Agreements in paragraph 18 of Part 1 of this document.

#### 10.5 **Sonangol Acquisition Agreement**

Please refer to the summary of the terms of the principal terms of Sonangol Acquisition Agreement in paragraph 3 of Part 1 of this document.

#### 10.6 **INA Acquisition Agreement**

Please refer to the summary of the principal terms of the INA Acquisition Agreement in paragraph 4 of Part 1 of this document.

#### 10.7 **INA Escrow Agreement**

Please refer to the summary of the principal terms of the INA Escrow Agreement in paragraph 4 of Part 1 of this document.

#### 10.8 **INA Guarantee**

Please refer to the summary of the principal terms of the INA Guarantee in paragraph 4 of Part 1 of this document.

#### 10.9 **Acquisition Facility Agreement**

Please refer to the summary of the principal terms of the Acquisition Facility Agreement in paragraph 5 of Part 1 of this document.

#### 10.10 **Working Capital Facility Agreement**

Please refer to the summary of the principal terms of the Working Capital Facility Agreement in paragraph 6 of Part 1 of this document.

#### 10.11 **Trafigura Offtake Agreement**

Please refer to the summary of the principal terms of the Trafigura Offtake Agreement in paragraph 7 of Part 1 of this document.

#### 10.12 **Block 3/05 JOA**

On 31 October 2005, Sonangol, China Sonangol, Angola Japan, Eni Angola, Somoil, NIS and INA entered into the Block 3/05 JOA which sets the rights and obligations of the parties with regard to operations under Block 3/05 PSA, including the joint appraisal, development, production and disposition of Petroleum from Block 3/05. The Block 3/05 JOA is governed by English law.

The Block 3/05 JOA provides for the establishment of a contractor committee to supervise all joint operations, with one representative from each party appointed to said contractor committee, and up to two alternates. Further subcommittees, including technical, may also be formed to advise the contractor committee. The voting rights of each representative shall be commensurate with the percentage of participating interest held by the relevant appointing party. Decisions of the contractor committee require the approval of three or

more parties together holding not less than a 65% participating interest in the Block 3/05 PSA.

In the event of default by one of the parties, the defaulting party will have a period of 60 days from receipt of the default notice to remedy the default. If the default has not been remedied within this 60-day period, each non-defaulting party shall have the option to require that the defaulting party completely withdraws from the Block 3/05 JOA and the Block 3/05 PSA.

The transfer of interest provision of the Block 3/05 JOA provides that if any party to the Block 3/05 JOA intends to transfer all or part of its participating interest it must first notify the other parties to the Block 3/05 JOA of its intention and invite them to submit offers therefor. The recipient parties have 30 days from the date of such notification to deliver a counter-notification with a binding offer. If the offer is not accepted, or if 60 days elapse and it is evident to the prospective transferor that a fully negotiated agreement with an offering party is not imminent, the prospecting transferor may proceed with the sale to a third party, as long as the terms and conditions of the transfer to a third party are not more favourable than those offered by any party.

The Block 3/05 JOA includes a withdrawal provision which allows any party to withdraw from the Block 3/05 PSA subject to providing at least 60 days written notice to the non-withdrawing parties, but the proposed effective date of withdrawal may not exceed 180 days after the date of such written notice. The withdrawing party shall assign its participation interest in proportion to the participation interest held by each non-withdrawing party (prior to withdrawal). The withdrawing party will remain liable for its share of any expenditures budgeted and/or approved before the date of the notice of withdrawal, even if the work is completed later.

All operations under the Block 3/05 JOA must be conducted either as joint operations or exclusive operations under Article 9 of Block 3/05 JOA. Joint operations include the operations carried out by the operator, the costs of which are to be shared between all Parties in accordance with the accounting procedure and their respective participating interests. Only development and/or declaration of a commercial discovery may be proposed or conducted as an exclusive operation. The consenting parties to an exclusive operation shall bear, in accordance with the participating interests agreed for the exclusive operation, the entire cost and liability of conducting an exclusive operation. The operator shall be entitled to request cash advances and shall not be required to use its own funds to pay any cost and expense. The accounting procedure shall apply to the operator in respect of any exclusive operations.

The operator must subscribe and maintain the insurance coverage specified by the Block 3/05 JOA and the Block 3/05 PSA. Insurance applicable to joint operations shall be paid out of the joint account.

#### 10.13 **Block 3/05A JOA**

On 28 March 2006, Sonangol, China Sonangol, Angola Japan, Eni Angola, Somoil, NIS and INA entered into a JOA which sets the rights and obligations of the parties with regard to operations under the Block 3/05A PSA, including the joint exploration, appraisal, development, production and disposition of Petroleum from Block 3/05A. The Block 3/05A JOA is governed by English law.

The Block 3/05A JOA provides for the establishment of a contractor committee to supervise all joint operations, with one representative from each party appointed to said contractor committee and up to two alternates. Further subcommittees, including technical and financial, may also be formed to advise the contractor committee. The voting rights of each representative shall be commensurate with the percentage of participating interest held by the relevant appointing party. Decisions of the contractor committee require the approval of three or more parties together holding not less than a 65% participating interest in the Block 3/05A PSA.

In the event of default by one of the parties, the defaulting party will have a period of 60 days from receipt of the default notice to remedy the default. If the default has not been remedied within this 60-day day period, each non-defaulting party shall have the option to

require that the defaulting party completely withdraws from the Block 3/05A JOA and the Block 3/05A PSA.

The transfer of interest provision of the Block 3/05A JOA provides that if any party to the Block 3/05A JOA intends to transfer all or part of its participating interest it must first notify the other parties to the Block 3/05A JOA of its intention and invite them to submit offers therefor. The recipient parties have 30 days from the date of such notification to deliver a counter-notification with a binding offer. If the offer is not accepted, or if 60 days elapse and it is evident to the prospective transferor that a fully negotiated agreement with an offering party is not imminent, the prospecting transferor may proceed with the sale to a third party, as long as terms and conditions of the transfer to a third party are not more favourable than those offered by any other party.

The Block 3/05A JOA includes a withdrawal provision which allows any party to withdraw from the Block 3/05A PSA subject to providing at least 60 days written notice to the non-withdrawing parties, but the proposed effective date of withdrawal may not exceed 180 days after the date of such written notice. The withdrawing party shall assign its participation interest in proportion to the participation interest held by each non-withdrawing party (prior to withdrawal). The withdrawing party will remain liable for its share of the participation percentage of any expenditures budgeted and/or approved before the date of the notice of withdrawal, even if the work is completed later.

All operations under the Block 3/05A JOA must be conducted either as joint operations or exclusive risk operations under Article 9 of Block 3/05A JOA. Joint operations include the operations carried out by the operator, the costs of which are to be shared between all Parties. Notwithstanding this general rule, Sonangol's 25% share of the exploration expenditure (including administration and services expenditures in accordance with the accounting and financial procedure annexed to the Block 3/05A PSA) shall be paid by the following members of the contractor group according to the following proportions (as Somoil does not participate in the carry of Sonangol's exploration expenditure): China Sonangol – 38.461%; Angola Japan (following the novation, Maurel) – 30.769%; Eni Angola – 18.461%; NIS – 6.153%; and INA – 6.153%. Only the following types of operation may be proposed or conducted as an exclusive operation: (i) drilling and/or testing of exploration wells and appraisal wells; (ii) completion of exploration wells and appraisal wells not then completed as productive of petroleum; (iii) deepening, sidetracking, plugging back and/or recompleting, or reworking of exploration wells or appraisal wells; (iv) declaration of a commercial discovery; (v) development of a commercial discovery; and (vi) any operations specifically authorized to be undertaken as an exclusive operation pursuant to the surrender provision of Block 3/05A JOA. The consenting parties to an exclusive operation shall bear, in accordance with the participating interests agreed for the exclusive operation, the entire cost and liability of conducting an exclusive operation. Operator shall be entitled to request cash advances and shall not be required to use its own funds to pay any cost and expense. The accounting procedure shall apply to operator in respect of any exclusive operations.

The operator must subscribe and maintain the insurance coverage specified by the Block 3/05A JOA and the Block 3/05A PSA. Insurance applicable to joint operations shall be paid out of the joint account.

#### 10.14 **Block 23 JOA**

On 30 November 2006, Sonangol, Oxy of Angola (Block 23), LLC, and Maersk Oli Angola AS entered into the Block 23 JOA, which sets out the terms upon which the parties will jointly conduct the joint exploration, appraisal, development, production and disposition of Petroleum from Block 23, in accordance with the Block 23 PSA. The Block 23 JOA is governed by English law. Currently, Sonangol holds 100% of the participating interests in Block 23. Afentra Angola will never be party to the Block 23 JOA and expects to negotiate a new JOA for Block 23 with Sonangol and any other new members of the contractor group.

The Block 23 JOA provides for operator's exclusive right and obligation to represent the contractor group members by its two members in the operating committee in all dealings with the Government and the National Concessionaire with respect to matters arising under the Block 23 PSA and Block 23 JOA.

The Block 23 JOA provides for the establishment of a contractor committee to supervise all joint operations, with one representative from each party appointed to said contractor committee, and one alternate. Further subcommittees, including technical and financial, may also be formed to advise the contractor committee. The voting rights of each representative shall be commensurate with the percentage of participating interest held by the relevant appointing party. Decisions of the contractor committee require the approval of two non-affiliated parties together holding not less than a 65% participating interest in the Block 23 PSA.

In the event of default by one of the parties, the defaulting party will have a period of 30 days from receipt of the default notice to remedy the default. If the default has not been remedied within this 30-day period, each non-defaulting Party shall have the option to require that the Defaulting Party completely withdraws from the Block 23 JOA and the Block 23 PSA.

The transfer of interest provision of the Block 23 JOA provides that if any party to the Block 23 JOA intends to assign all or part of its participating interest it must notify the other parties once the final terms and conditions of a transfer have been fully negotiated. Such notification must include the disclosure of the final terms and conditions relevant for the acquisition of the participating interest along with copy of all instruments or relevant portions of instruments establishing such terms and conditions. The recipient parties have 30 days from receipt of the notification to acquire the relevant participating interest. If the offer is not accepted within said 30 day period, the offering party may proceed with the sale to the third party under terms and conditions no more favourable to the third party than those set forth in the notice to the parties. Block 23 JOA also includes specific change of control provisions whereby, *inter alia*, a party subject to a change of control shall provide reasonable satisfactory evidence to the other parties that following said change of control such party shall continue to have the financial capability to satisfy its payment obligations under the Block 23 PSA, the relevant financing agreement (as defined in the Block 23 JOA) and the Block 23 JOA.

The Block 23 JOA includes a withdrawal provision which allows any party to withdraw from the Block 23 PSA subject to providing written notice to the non-withdrawing parties. The effective date of withdrawal shall be the end of the calendar month following the calendar month in which the notice of withdrawal is given. The withdrawing party shall assign its participation interest at no cost to each non-withdrawing party in proportion to the participation interest held by each non-withdrawing party (prior to withdrawal). The withdrawing party will remain liable for its share of the participation percentage of the claims, costs and expenses included in the work programmes and budgets approved by the contractor committee or in an authorisation for expenditure prior to such party's notice of withdrawal, even if the work/expenditure is completed/incurred later.

All operations must be conducted either as (i) joint operations, (ii) exclusive operations under Article 7 of the Block 23 JOA or (iii) sole risk operations under Article 30 of the Block 23 PSA. Joint operations include the operations carried out by the operator, the costs of which are to be shared between the parties in accordance with the accounting procedure, their respective participating interests, and the financing agreement. Only the following types of operation may be proposed or conducted as an exclusive operation: (i) drilling and/or testing of exploration wells and appraisal wells; (ii) completion of exploration wells and appraisal wells not then completed as productive of petroleum; (iii) deepening, sidetracking, plugging back and/or recompleting, or reworking of exploration wells or appraisal wells; (iv) declaration of and development of a commercial discovery; and (v) acquisition of geological and geophysical data. The consenting parties to an exclusive operation shall bear, in accordance with the participating interests agreed for the exclusive operation, the entire cost and liability of conducting an exclusive operation.

The operator must procure and maintain the insurance coverage specified by the Block 23 JOA and the Block 23 PSA. Insurance applicable to joint operations shall be paid out of the joint account.

## 10.15 **Block 3/05 PSA**

Below is a description of the process and timelines under the Block 3/05 PSA for the exploration and exploitation of the area governed by the Block 3/05 PSA. The Block 3/05 PSA is subject to the provisions of Concession Decree 73/2005, of 28 September 2005.

### *Exploration and Exploitation Process and Timelines PSA 3/05*

#### *10.15.1 Stage 1 – Exploration phase*

Not applicable as the Block 3/05 PSA was executed after the exploration phase.

#### *10.15.2 Stage 2 – Discovery/Feasibility phase*

Not applicable as the Block 3/05 PSA was executed after the discovery/feasibility phase.

#### *10.15.3 Stage 3 – Exploitation phase*

The production period for each development area which shall be executed until the last day of production period. According to the Block 3/05 PSA, the production period for the Development Areas shall end on 30 June 2025. The contractor group may apply to extend a production period, if no later than 6 months prior to the end of the production period, may request the National Concessionaire for an extension of the production period. The extension of the production period until December 2040 (which is a Sonangol CP) remains subject to MIREMPET approval and the approval by executive decree of consequential amendments to the Block 3/05 PSA.

#### *10.15.4 Government of Angola participation*

Development Area Profit Oil is shared between National Concessionaire (70%) – a State of Angola-owned company – and contractor group (30%).

#### *10.15.5 Extension of Block 3/05 PSA*

#### *Economics of the Block 3/05 PSA*

#### *10.15.6 Signature bonus*

The foreign entities comprising the contractor group were required to pay to the National Concessionaire a signature bonus of US\$17,500,000 on 28 September 2005, as the date in which the Concession Decree 73/05, approved by the Council of Ministers as it was published in the Official Gazette of 28 September 2005 comes into force.

#### *10.15.7 Ad Valorem Tax (i.e. Royalty)*

No specific information is available in the PSA.

#### *10.15.8 Cost Recovery*

The contractor group shall recover all exploration, development, production and administration and services expenditures incurred under the Block 3/05 PSA by taking and freely disposing of up to 50% per year of all crude oil produced and saved from development areas and not used in petroleum operations (cost recovery crude oil). The following rules are established:

- If, on a given year, recoverable costs, expenses or expenditures are less than the maximum value of cost recovery crude oil, the difference shall become part of the respective development area profit oil; and
- Development expenditures in each development area shall be multiplied by 1.33.

#### *10.15.9 Profit sharing*

Development Area Profit Oil shall be shared between National Concessionaire and contractor group, as follows:

- National Concessionaire: 70%; and
- Contractor group: 30%.

#### *10.15.10 Infrastructure*

Physical assets purchased by contractor group for the implementation of the work programme and budget become the property of National Concessionaire when purchased in Angola or, if purchased abroad, when they enter Angolan territory. This rule shall not apply to equipment leased from and belonging to third parties.

During the term of the PSA, the contractor group shall be entitled to the full use in the contract area, and any other area approved by National Concessionaire, of all fixed and movable assets at no cost to the contractor group.

The National Concessionaire is only entitled to sell any asset used in petroleum operations upon prior consent of the contractor group and to the extent that such asset is deemed redundant or no longer useful by the contractor group.

#### *10.15.11 Abandonment*

Within a period of 60 days from the termination of the Block 3/05 PSA or of the date of relinquishment of any area, the contractor group shall hand over to National Concessionaire all of the wells which are in production or are capable of producing, within the area to which the expiry, cancellation or abandonment refers, together with all the related casing, piping, surface or subsurface equipment and facilities acquired by contractor group, except those being used for petroleum operations elsewhere in the contract area as defined on the effective date.

Should National Concessionaire so require, contractor group shall proceed to correctly abandon the well or wells and shall also undertake other actions for the abandonment of the related assets in accordance with normal petroleum industry practice. Such request shall be made by the National Concessionaire within a period of 180 days before the termination of the agreement or of the estimated date of relinquishment of any area.

#### *10.15.12 Taxes*

No specific information contained in the Block 3/05 PSA.

#### *10.15.13 Exchange regulations*

No specific information contained in the Block 3/05 PSA.

#### *10.15.14 Other fees*

To avoid the international double taxation of contractor group's income, the National Concessionaire shall favourably consider any amendments or revisions to PSA that the contractor group may propose, if those amendments or revisions do not impact on National Concessionaire or Angola's economic benefits and other benefits resulting from the Block 3/05 PSA.

#### *10.15.15 Liability*

The contractor group shall be liable to third parties for any losses and damages it may cause during the conduction of the petroleum operations and shall indemnify and defend the National Concessionaire with respect thereto provided timely notice has been given of the claims and opportunity to defend.

The contractor group is also liable for losses and damages which, in conducting the petroleum operations, it may cause to the State and, in case of the contractor group's wilful misconduct or gross negligence, to the National Concessionaire.

The liability among the entities of the contractor group is joint and several.

*10.15.16 Applicable Law*  
Laws of Angola.

**10.16 Block 3/05A PSA**

Below is a description of the process and timelines under the Block 3/05A PSA for the exploration and exploitation of the area governed by the Block 3/05A PSA. The Block 3/05A PSA shall be subject to the provisions of Concession Decree 71/2005, of 28 September 2005.

*Exploration and Exploitation Process and Timelines*

*10.16.1 Stage 1 – Exploration phase*

Initial exploration phase of three contract years starting from effective date of the Block 3/05A PSA. Contractor group is entitled to an extension of two contractual years following the Initial Exploration Phase. Any such extension depends on prior notification of the contractor group to the National Concessionaire by written notice at least 30 days prior to the end of the initial exploration phase, provided that the contractor group have fulfilled its obligations in respect of the initial exploration period.

The Block 3/05A PSA shall be terminated if no commercial discovery has been made in the contract area by the end of the initial exploration phase or the optional exploration phase in case this phase has occurred. However, such phases may be extended for 6 months for the completion of drilling and testing of any well actually being drilled or tested at the end of the third and/or fifth contract year, as the case may be.

*10.16.2 Stage 2 – Discovery/Feasibility phase*

Within 30 days of the completion of the drilling and testing of the exploration well, the contractor group shall notify the National Concessionaire of the results of the final tests of said well and whether or not it is commercial.

Following the declaration of a commercial well, the contractor group may proceed to evaluate the discovery by drilling one or more appraisal wells, with a view to determining whether such discovery may be classified as a commercial discovery.

*10.16.3 Stage 3 – Exploitation phase*

Following each commercial discovery, the area within the contract area capable of production shall be agreed between National Concessionaire and contractor group. Such area shall be converted automatically into a development area with effect from the date of the commercial discovery.

The production period for each development area which shall be 20 years from the date of commercial discovery in such development area. Contractor group may apply to extend a production period, with the support of the National Concessionaire, such extension to be subject to Government approval.

*10.16.4 Government of Angola participation*

Development area profit oil is shared between National Concessionaire and the members of the contractor group.

*Economics of the PSA 3/05A*

*10.16.5 Signature bonus*

No specific information contained in the Block 3/05A PSA.

*10.16.6 Ad Valorem Tax (i.e. Royalty)*

No specific information contained in the Block 3/05A PSA.

#### 10.16.7 Cost Recovery

Costs and expenses incurred in the petroleum operations, as well as any losses and risks derived therefrom, shall be borne by the contractor group, and the National Concessionaire shall not be responsible to bear or repay any such costs.

The contractor group shall recover all exploration, development, production and administration and services expenditures incurred under the Block 3/05A PSA by taking and freely disposing of up to 50% per year of all crude oil produced and saved from development areas and not used in petroleum operations (cost recovery crude oil). The following rules are established:

- Development expenditures in each development area shall be multiplied by 1.30 for the purpose of accounting for development expenditure in determining taxable income; and
- The date of commencement of commercial production shall be the date on which the first shipment of crude oil from the contract area takes place in accordance with the approved lifting schedule.

#### 10.16.8 Profit sharing

Development area profit oil shall be shared between the National Concessionaire and contractor group according to the tax nominal rate of return achieved at the end of the preceding quarter by the contractor group as follows:

<b>Contacto group's rate of return for development area (% p.a.)</b>	<b>National Concessionaire share (%)</b>	<b>Contractor group share (%)</b>
Less than 10%	30%	70%
10% to less than 20%	40%	60%
20% to less than 30%	60%	40%
30% to less than 35%	70%	30%
35% or more	90%	10%

#### 10.16.9 Infrastructure

Physical assets purchased by the contractor group for the implementation of the work program and budget become the property of the National Concessionaire when purchased in Angola or, if purchased abroad, when they enter Angolan territory. This rule shall not apply to equipment leased from and belonging to third parties.

During the term of the Block 3/05A PSA, contractor group shall be entitled to the full use in the contract area, and any other area approved by National Concessionaire, of all fixed and movable assets at no cost to the contractor group.

The National Concessionaire is only entitled to alienate any asset used in petroleum operations upon prior consent of the contractor group and to the extent that such asset is deemed redundant or no longer useful by the contractor group.

#### 10.16.10 Abandonment

Within a period of 60 days from the termination of the Block 3/05A PSA or of the date of relinquishment of any area, the contractor group shall hand over to the National Concessionaire all of the wells which are in production or are capable of producing, within the area to which the expiry, cancellation or abandonment refers, together with all the related casing, piping, surface or subsurface equipment and facilities acquired by the contractor group, except those being used for petroleum operations elsewhere in the contract area.

Should the National Concessionaire so require, the contractor group shall proceed to correctly abandon the well or wells. Such request shall be made by the National Concessionaire within a period of 180 days before the termination of the agreement or of the estimated date of relinquishment of any area.

If such request is made by the National Concessionaire, the National Concessionaire shall make the required funds available to the contractor group, to be withdrawn from the amounts paid to the National Concessionaire. If these funds are insufficient to cover costs, the National Concessionaire and the contractor group should agree on the method for covering such additional costs.

#### *10.16.11 Taxes*

No specific information contained in the Block 3/05A PSA.

#### *10.16.12 Exchange regulations*

No specific information contained in the Block 3/05A PSA.

#### *10.16.13 Other fees*

In order to avoid the international double taxation of the contractor group's income, the National Concessionaire shall favourably consider any amendments or revisions to the PSA that the contractor group may propose to it, provided that they do not modify the economic benefits of the National Concessionaire or of the Republic of Angola.

#### *10.16.14 Liability*

The contractor group shall be liable to third parties for any losses and damages it may cause during the conduction of the petroleum operations and shall indemnify and defend the National Concessionaire with respect thereto provided timely notice has been given of the claims and opportunity to defend.

The contractor group is also liable for losses and damages which, in conducting the petroleum operations, it may cause to the State and, in case of contractor group's wilful misconduct or gross negligence, to National Concessionaire.

These provisions do not apply to losses and damages caused during petroleum operations for account and risk of the National Concessionaire, for which National Concessionaire shall indemnify and defend the contractor group, and in relation to which the contractor group shall only be liable for such losses and damages, caused by its wilful misconduct or gross negligence.

The liability among the entities of the contractor group is joint and several.

#### *10.15.15 Applicable Law*

Laws of Angola.

### **10.17 Block 23 PSA**

#### *Exploration and Exploitation Process and Timelines of Block 23 PSA*

##### *10.17.1 Stage 1 – Exploration phase*

Initial exploration phase of four contract years starting from effective date contractor group is entitled to an extension of two contractual years following the initial exploration phase. Any such extension depends on prior notification of contractor group to the National Concessionaire by written notice at least 30 days prior to the end of the initial exploration phase, provided that contractor group have fulfilled its obligations in respect of the initial exploration period.

The Block 23 PSA shall be terminated if no commercial discovery has been made in the contract area by the end of the initial exploration phase or the optional exploration phase in case this phase has occurred. However, such phases may be extended for six months for the completion of drilling and testing of any well actually being drilled or tested at the end of the fourth and/or sixth contract year, as applicable.

#### 10.17.2 Stage 2 – Discovery/Feasibility phase

30 days as of the end of the drilling and testing of an exploration well, contractor group shall inform the National Concessionaire of the results of the final tests of the well and whether such a well is commercial or not.

Following the declaration of a commercial well, contractor group may undertake the appraisal of the discovery by, among others, drilling one or more appraisal wells to determine whether such discovery can be classified as a commercial discovery.

#### 10.17.3 Stage 3 – Exploitation phase

Following each commercial discovery, the area within the contract area capable of production shall be agreed between National Concessionaire and contractor group. Such area shall be converted automatically into a development area with effect from the date of the commercial discovery.

The production period for each development area shall be 25 years from the date of commercial discovery in such development area. The contractor group may apply to extend a production period, with the support of the National Concessionaire, such extension to be subject to Government approval.

#### 10.17.4 Government of Angola participation

Development area profit oil is shared between national concessionaire (a state of Angola-owned company and the members of the contractor group.

<b>Contacteur Group's rate of return for Development Area (% p.a.)</b>	<b>National Concessionaire Share (%)</b>	<b>contractor group Share (%)</b>
Less than 10%	30%	70%
10% to less than 20%	40%	60%
20% to less than 30%	60%	40%
30% to less than 35%	70%	30%
35% or more	80%	20%

#### *Economics of the Block 23 PSA*

##### 10.17.5 Signature bonus

Contractor group, excluding Sonangol, shall pay the National Concessionaire as a signature bonus of US\$2,000,000.00 on effective date (1 November 2006).

##### 10.17.6 Ad Valorem Tax (i.e. Royalty)

No specific information contained in the Block 23 PSA.

##### 10.17.7 Cost Recovery

Contractor group shall recover all exploration, development, production and administration and services expenditures incurred under the Block 23 PSA by taking and freely disposing of up to 55% per year of all crude oil produced and saved from development areas and not used in petroleum operations (cost recovery crude oil). The following rules are established:

- If, in any year, recoverable costs, expenses or expenditures are less than the maximum amount of cost recovery crude oil, the difference shall become part of the relevant development area profit oil;
- Development expenditures in each development area shall be multiplied by 1.40 for the purpose of accounting for development expenditure in determining taxable income.

#### 10.17.8 Profit sharing

Development area profit oil shall be shared between National Concessionaire and contractor group according to the tax nominal rate of return achieved at the end of the preceding quarter by the contractor group as follows:

<b>Contacto Group's rate of return for Development Area (% p.a.)</b>	<b>National Concessionaire Share (%)</b>	<b>contractor group Share (%)</b>
Less than 10%	30%	70%
10% to less than 20%	40%	60%
20% to less than 30%	60%	40%
30% to less than 35%	70%	30%
35% or more	80%	20%

#### 10.17.9 Infrastructure

Physical assets purchased by contractor group for the implementation of the work program and budget become the property of National Concessionaire when purchased in Angola or, if purchased abroad, when they enter Angolan territory. This rule shall not apply to equipment leased from and belonging to third parties.

During the term of the Block 23 PSA, contractor group shall be entitled to the full use in the contract area, and any other area approved by National Concessionaire, of all fixed and movable assets at no cost to contractor group.

The National Concessionaire is only entitled to alienate any asset used in petroleum operations upon prior consent of the contractor group and to the extent that such asset is deemed redundant or no longer useful by the contractor group.

#### 10.17.10 Abandonment

Within a period of 60 days from the termination of the Agreement or of the date of relinquishment of any area, the contractor group shall hand over to National Concessionaire all of the wells which are in production or are capable of producing, within the area to which the expiry, cancellation or abandonment refers, together with all the related casing, piping, surface or subsurface equipment and facilities acquired by the contractor group, except those being used for petroleum operations elsewhere in the contract area.

Should the National Concessionaire so require, the contractor group shall proceed to correctly abandon the well or wells. Such request shall be made by the National Concessionaire within a period of 180 days before the termination of the agreement or of the estimated date of relinquishment of any area.

#### 10.17.11 Taxes

No specific information contained in the Block 23 PSA.

#### 10.17.12 Exchange regulations

No specific information contained in the Block 23 PSA.

#### 10.17.13 Other fees

To avoid the international double taxation of the contractor group's income, the National Concessionaire shall favourably consider any amendments or revisions to the PSA that the contractor group may propose to it, provided that they do not modify the economic benefits of the National Concessionaire or of the Republic of Angola.

#### 10.17.14 Liability

The contractor group shall be liable to third parties for any losses and damages it may cause during the conduction of the petroleum operations and shall indemnify and defend the National Concessionaire with respect thereto provided timely notice has been given of the claims and opportunity to defend.

The contractor group is also liable for losses and damages which, in conducting the petroleum operations, it may cause to the State and, in case of contractor group's wilful misconduct or gross negligence, to National Concessionaire.

The liability among the entities of the contractor group is joint and several.

#### 10.17.15 Applicable Law

Laws of Angola.

### 10.18 Block 3/05 Lifting Agreement

On 1 October 2007, (i) Sonangol EP, (ii) Ajoco Exploration Co Ltd, (iii) Ajoco'91 Exploration Co Ltd, (iv) Angola, (v) China Sonangol, (vi) Eni Angola, (vii) FINA Petróleos de Angola SARL, (viii) INA-Industrija Nafta D.D., (ix) Naftna Industrija SRBIJE A.D. NOVI SAD, NIS-Naftagas, (x) Petrobras Internacional Braspetro BV, (xi) Petroleos de Portugal – Petrogal S.A., (xii) Somoil, (xiii) Sonangol (xiv) Svenska Petroleum Exploration AB, (xv) Texaco Panama Inc. and (xvi) Total E&P Angola entered into a lifting agreement (the “**Lifting Agreement**”), which establishes the rules and procedures for lifting, at the terminal located in Block 3/05 offshore Angola, of crude oil produced from, among others, Block 3/05, and evacuated via the terminal. The Lifting Agreement replaced the previous lifting agreement dated of 10 July 2002.

Angola Japan novated its position in this agreement to Maurel through a novation agreement dated 31 July 2019. The novation had effect as from 1 January 2018

The Lifting Agreement provides for obligations of terminal operator (Sonangol) to, *inter alia*, (i) prepare a programme and manage the coordination of liftings of crude oil available at the terminal, and (ii) keep all records of crude oil produced, stored and lifted. It also includes operator's rights to, *inter alia*, (i) reduce the lifting period for each cargo, and (ii) limit the number of liftings per month and modify cargo size.

A lifting programme shall be prepared each month and each party may submit its cargo nominations for the lifting of its rights in the same month (which must specify the quantity it wishes to lift and a lifting period of 2 days) following the publication of the provisional lifting programme. The parties are entitled to (i) nominate a cargo composed of the pooling of their rights, and (ii) pool their rights and liftings for a longer period.

The name and characteristics of the vessel, as well as instructions regarding the making up and disposition of the bills of lading, are notified by lifter to terminal operator for clearance. Lifter is also responsible for supply of vessel paperwork as required by Angolan authorities, as well as payment of port charges, fees, duties and taxes imposed on vessel and cargo.

The Lifting Agreement also includes rules on vessel berthing and loading, including refusal rights of operator and rights to impose a different order or vessel shifting, as well as regulation on payment by lifter of demurrage costs and expenses incurred by terminal operator under certain circumstances.

Terminal operator may take measures – including reduction or stoppage of production – as necessary so as not to exceed storage capacity, especially whenever any defaulting party's cargo will not be lifted in time or in quantities sufficient to avoid a risk of overflow of terminal's storage capacity. In the event crude oil is interrupted for over 3 months parties must agree on an equitable compensation to be made by over lifters to under lifters of crude oil.

The agreement provides that that custody and risks on crude oil and liabilities passes to lifter when crude oil passes delivery point (F.O.B. Angolan loading facility).

The Lifting Agreement also contains default provisions dealing with events related with failure to lift within the lifting period – in which case non-defaulting parties may decide to lift the corresponding quantities. Over lifting may be (i) attributed or sold to non-defaulting parties, who are granted a first offer right to purchase such crude oil quantities that should have been lifted, or (ii) sold to a third-party. Defaulting parties shall bear and keep terminal operator indemnified in relation to costs resulting from their failure.

The Lifting Agreement is governed by English law. Disputes arising out of this agreement will be subject to Arbitration under the ICC rules, with seat in London.

## **10.19 Odewayne JOA**

- 10.19.1* On 2 October 2013, Petrosoma Limited, Jacka Resources Somaliland Limited and Genel Energy Somaliland Limited entered into the Odewayne JOA which sets out the terms upon which the parties will jointly conduct exploration, development, appraisal and production disposition of Hydrocarbons from the Search Boundaries (as set out at provision 3.1 of the Odewayne JOA) at the Odewayne Block, in accordance with the Odewayne PSA. The Odewayne JOA is governed by Somaliland law.
- 10.19.2* The Odewayne JOA provides for the establishment of an operating committee to supervise all joint operations, with one representative and one alternative representative from each party appointed to the operating committee. Further sub committees including technical and financial will also be formed to advise the operating committee. The voting rights of each representative shall be commensurate with the percentage participating interest held by the relevant appointing party. Decisions of the operating committee require the approval of two or more non-affiliated parties together holding not less than a 65% participating interest in the Odewayne PSA.
- 10.19.3* In the event of default by one of the parties the defaulting party has a period of five days from receipt of the default notice in which to remedy the default. If the default has not been remedied within this 30 day period, the following conditions apply: (i) the non-defaulting parties can choose to invoke the sole risk provisions; (ii) if the non-defaulting parties choose not to invoke the sole risk provisions, the assignment provision will apply; and (iii) if the participation interest is not acquired under the assignment provision, the withdrawal provision will be applied.
- 10.19.4* The assignment provision of the Odewayne JOA provides that, if any party to the Odewayne JOA intends to assign all or part of their participating interest, they must first notify the other parties to the Odewayne JOA. Such notification must include the price and terms of assignment. The recipient parties have 15 business days from receipt of the notification to decide whether to acquire the relevant interest. If the offer is not accepted within the 15 day period, the offering party may proceed with the sale to a third party, provided that it is not at a lower price or on terms more advantageous than those offered to the other parties to the Odewayne JOA.
- 10.19.5* The Odewayne JOA includes a withdrawal provision which permits any party to withdraw from the Odewayne PSA, subject to provision 13 of the Odewayne JOA, by giving 90 days' written notice to the non-withdrawing parties. Subject to the terms of the Odewayne PSA, the withdrawing party will assign its participation interest at no cost to each party not withdrawing, in proportion to the participation interest held by each party (prior to withdrawal) not withdrawing. Subject to provision 13.4(b)(1) of the JOA, the withdrawing party will remain liable for its share of the participation percentage of the claims, costs and expenses approved by the operating committee or consenting parties as a part of work program and budget (including multi-year programme and budgets) prior to such party's notification of withdrawal, regardless of when they are incurred.
- 10.19.6* All operations under the Odewayne JOA must be conducted either as joint operations or sole risk operations. Joint operations include the operations carried out by the operator, the costs of which are to be shared between consenting parties. Sole risk activities may only be carried out by the operator where there is no adverse impact on the joint operations carried out pursuant to the agreed work programme and budget. The use of joint property for sole risk operations is subject to the prior approval of the operating committee which cannot be unreasonably withheld. The operator may request funds for sole risk operations; however, such funds cannot be paid out of the common development funds.
- 10.17.7* The operator must subscribe and maintain the insurance coverage specified by the Odewayne JOA and the Odewayne PSA. Subject to provision 4.7(g) of the Odewayne JOA, insurance applicable to joint operations shall be paid out of the joint account maintained by the parties to the Odewayne JOA. If supplementary

insurance is put in place, and this applies to the activities of one party only, that party shall be responsible for funding the insurance.

## **10.20 Odewayne PSA**

Below is a description of the process and timelines under the Odewayne PSA for the exploration of the area governed by the Odewayne PSA.

### *Exploration Process and Timelines*

**10.20.1** Stage 1 (complete) – the parties to the Odewayne PSA shall carry out a programme of data collection and review, and a geological prospecting mission on the Odewayne Block are for a minimum cost of US\$200,000.

**10.20.2** Stage 2 (complete) – the parties to the Odewayne PSA shall carry out seismic reprocessing work and re-interpret seismic data for an approximate amount of US\$2,000,000 based on the work of Stage 1.

**10.20.3** Stage 3 (by 2 May 2023) – the parties to the Odewayne PSA shall acquire new seismic data, to determine the prospects and to select drilling sites, and to undertake sufficient drilling for an approximate amount of US\$3,000,000.

**10.20.4** Stage 4 (by 2 May 2024) – the parties to the Odewayne PSA shall acquire new seismic data to determine the prospects and to select drilling sites, and to undertake sufficient drilling for an approximate amount of US\$7,000,000.

### *Economics of the Odewayne PSA*

#### **10.20.5** Signature bonus

No specific information is contained in the Odewayne PSA.

#### **10.20.6** *Ad Valorem* Tax (i.e. Royalty)

The Republic of Somaliland is entitled to a royalty of 10% of gross receipts from the production and sale of crude oil.

#### **10.20.7** Cost Recovery

To recover oil costs, the parties to the Odewayne PSA are entitled to retain a portion of the total production of crude oil of up to 40% of the overall quantity of crude oil that is neither used in oil operations or lost.

#### **10.20.8** Profit sharing

After deduction of the Republic of Somaliland's royalty and deduction of oil costs, the Republic of Somaliland is entitled to 50% of the remaining gross receipts, with the other 50% shared between the other parties to the Odewayne PSA in accordance with their proportionate interests.

#### **10.20.9** Infrastructure

No specific information is contained in the Odewayne PSA.

#### **10.20.10** Access to pipelines and rights for the construction of pipelines

Consent from the Somaliland Ministry of Natural Resources and Minerals is required for the transport of hydrocarbons by pipelines. The party responsible for construction of a pipeline is required to ensure its adequate technical and economic specifications.

#### **10.20.11** Abandonment

No specific information is contained in the Odewayne PSA.

#### **10.20.12** Taxes

The Republic of Somaliland shall be paid 25% of the other parties to the Odewayne PSA's share of the receipts, in full satisfaction of all tax liabilities.

#### **10.20.13** Exchange regulations

The laws of foreign exchange in the Republic of Somaliland apply to the parties to the Odewayne PSA, but the parties and their sub-contractors are guaranteed free

conversion and transfer of i) funds intended to settle all debts (principal and interest) to foreign creditors and suppliers, ii) net profit to be distributed to non-Somaliland associates, iii) profit, dividends and any other funds derived from the liquidation of assets after paying taxes, customs duties and charges provided for under the law of Somaliland, and iv) savings of expatriated personnel.

#### 10.20.14 Other fees

The Republic of Somaliland is entitled to a bonus payment of US\$1 million on the date that an exploration permit is granted pursuant to the Odewayne PSA. Additionally, the Republic of Somaliland is entitled to a further bonus payment of US\$750,000 on the first occasion that daily total production exceeds the prior daily total production by 50,000 barrels.

#### 10.20.15 Liability

The Republic of Somaliland, and any other person, is indemnified by the other parties to the Odewayne PSA for any damage or loss that may be caused to the property or rights of other people in the course of oil operations. If the responsibility of the Republic of Somaliland is assumed in such a scenario, the other parties to the Odewayne PSA shall provide every defence to the Republic of Somaliland and shall indemnify it for any sum or expense for which it would be liable in connection with, or as a result of, a claim.

The parties to the Odewayne PSA (other than the Republic of Somaliland) and their sub-contractors are required to maintain all insurance policies that would be required in relation to oil operations of the type contemplated by the Odewayne PSA, with such policies providing coverage in accordance with the amounts used within the international oil industry.

#### 10.20.16 Applicable Law

English law.

## 11 EMPLOYEES

The Group employed on average seven people during the financial year ended 31 December 2019, seven people during the financial year ended 31 December 2020 and six people during the financial year ended 31 December 2021. During the most recent financial year the Group engaged no temporary staff.

## 12 LITIGATION

No member of the Group is or has been involved in any legal or arbitration proceedings which are active, pending or threatened against it, or being brought by it, which are having or may have a significant effect on the Group's financial position or profitability.

## 13 UK TAXATION

The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

### 13.1 Tax treatment of UK investors

13.1.1 The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), 10 per cent. or more of the shares in the Company; or

- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

13.1.2 Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

## 13.2 Dividends

13.2.1 Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

13.2.2 UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

13.2.3 Dividend income received by UK tax resident individuals will have a £2,000 annum dividend tax allowance. From 6 April 2022, dividend receipts in excess of £2,000 will be taxed at 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers, and 39.35% for additional rate taxpayers.

13.2.4 Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received, but will not be entitled to claim relief in respect of any underlying tax.

## 13.3 Disposals of Ordinary Shares

13.3.1 Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

13.3.2 The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10% and for higher rate and additional rate taxpayers is 20%.

13.3.3 Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19% and the rate will increase to 25% after 1 April 2023 for profits in excess of £250,000. Profits below £50,000 will continue to be taxed at 19%, with profits between these values being subject to a marginal rate. The profit limits are reduced under certain circumstances and the 19% rate will not apply to close investment-holding companies.

## Further information for Shareholders subject to UK income tax and capital gains tax

### 13.4 “Transactions in securities”

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel “*tax advantages*” derived from certain prescribed “*transactions in securities*”.

### 13.5 Stamp Duty and Stamp Duty Reserve Tax

13.5.1 No stamp duty or stamp duty reserve tax (SDRT) will generally be payable on the issue of Ordinary Shares.

13.5.2 Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term “*listed*” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- AIM continues to be accepted as a “*recognised growth market*” as construed in accordance with section 99A of the Finance Act 1986).

13.5.3 In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

13.5.4 Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or SDRT.

13.5.5 The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

**This summary of UK taxation issues can only provide a general overview of these areas and it is not a description of all the tax considerations that may be relevant to a decision to invest in the company. The summary of certain UK tax issues is based on the laws and regulations in force as of the date of this document and may be subject to any changes in UK laws occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person who is in any doubt as to their tax position or where they are resident, or otherwise subject to taxation, in a jurisdiction other than the UK, should consult their professional adviser.**

## **14 MANDATORY BIDS, SQUEEZE OUT AND SELL OUT RULES**

### **14.1 Mandatory bid**

The Takeover Code applies to the Company. Under the Code, if an acquisition of Ordinary Shares were to increase the aggregate interest in shares of the acquirer and any parties acting in concert with it to Ordinary Shares carrying 30 per cent or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Takeover Panel) to make a cash offer for the Ordinary Shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for Ordinary Shares by the acquirer or its concert parties (if any) during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties, if any) Ordinary Shares carrying at least 30 per cent, but not more than 50 per cent, of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

### **14.2 Squeeze-out rules**

Under the Act, if a person who has made a general offer to acquire Ordinary Shares (the “**offeror**”) were to acquire, or contract to acquire, 90 per cent in value of the Ordinary Shares which are the subject of such offer and 90 per cent of the voting rights carried by those shares, the offeror could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding Shareholders before the end of the three month period beginning on the day after the last day on which the offer can be accepted. The notice must be made in the prescribed manner. Six weeks later, the offeror would send a copy of the notice to the Company together with an instrument of transfer executed in respect of the outstanding Ordinary Shares on behalf of the holder in favour of the offeror and pay the consideration for those Ordinary Shares. The Company would hold the consideration on trust for outstanding shareholders. The consideration offered to those

shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the general offer.

#### 14.3 **Sell-out rules**

14.3.1 The Act gives minority shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 14.2 above. If, at any time before the end of the period within which the general offer can be accepted, the offeror holds, or has agreed to acquire, not less than 90 per cent in value of the Ordinary Shares and those shares carry not less than 90 per cent of the voting rights in the Company, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder's Ordinary Shares.

14.3.2 The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The rights of minority shareholders to be bought out are not exercisable after the period of three months after the end of the acceptance period or a later date specified in the notice given by the offeror. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

### 15 **GENERAL**

15.1 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts that are of fundamental importance to the Company's business.

15.2 The total costs and expenses (including professional fees, printing and advertising costs) payable by the Company in relation to the application for Admission are estimated to amount to approximately £1,624,000 (exclusive of VAT) and are payable by the Company.

15.3 No person (excluding professional advisers otherwise disclosed in this document) has received, directly or indirectly, within the 12 months preceding the application for Admission or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:-

15.3.1 fees totalling £10,000 or more;

15.3.2 securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or

15.3.3 any other benefit with a value of £10,000 or more at the date of Admission,

save for the following consultants:

15.3.4 Apex Financial Services (Trust Company) Limited;

15.3.5 Ermine Street Energy Ltd;

15.3.6 FIT Remuneration Consultants LLP;

15.3.7 Illmatic Energy Limited;

15.3.8 PricewaterhouseCoopers LLP;

15.3.9 BDO LLP;

15.3.10 Cabinet Nuvion Avocats;

15.3.11 CR IR Ltd;

15.3.12 Buchanan Communications Limited;

15.3.13 Jeff Goodrich;

15.3.14 Katila Tati;

15.3.15 Ken Karriel;

15.3.16 Paul Burden;

- 15.3.17 Tennyson;
- 15.3.18 PricewaterhouseCoopers LLP;
- 15.3.19 Tidjane Thiam;
- 15.3.20 Tom Sharman; and
- 15.3.21 Nuthatch Advisors Ltd.
- 15.4 Save as disclosed in this document, there has been no material change in the financial or trading position of the Group since 31 December 2021, the date to which the Accountants' Report on the Group set out in Part 6 of this document have been drawn up.
- 15.5 The principal activities of the Group are as described in Part 1 of this document. Save as disclosed in Part 1 of this document, there are no exceptional factors which have influenced the Group's activities.
- 15.6 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealing on any investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for there to be dealings in the Ordinary Shares on any such exchange.
- 15.7 Save in respect of the agreements summarised in paragraphs 8 and 10 of this Part 7, there have been and are currently no related party transactions (for the purposes of the Standards adopted according to the Regulation (EC) No 1606/2002) entered into by the Company, or subject to completion of the Sonangol Acquisitions, the Enlarged Group and any individuals or entities that may be deemed to be related parties, prior to the date of this document.
- 15.8 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- 15.9 Save as disclosed in this document, there have been no significant recent trends in production, sales and inventory and costs and selling price between the end of the last financial year of the Company and the date of this document.
- 15.10 Save as disclosed in this document, there are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.
- 15.11 The accounting reference date of the Company is 31 December. The current accounting reference period of the Company ends on 31 December 2022.
- 15.12 All the information provided in this document has been sourced from the Company and the Company's other advisers named on pages 18 and 19 of this document. All such information has been accurately reproduced and so far as the Company is aware and is able to ascertain no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information set out in this document has been sourced from a third party the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 15.13 The auditors of the Company are BDO LLP whose registered office is at 55 Baker Street, London W1U 7EU and who are a member of the Institute of Chartered Accountants of England and Wales.
- 15.14 No commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.
- 15.15 No paying agent has been appointed by the Company.
- 15.16 Save as disclosed in this document, there are no investments in progress, and there are no future investments on which the Directors have already made firm commitments, which are significant to the Group.

## **16 CONSENTS**

- 16.1 Peel Hunt LLP of 100 Liverpool Street, London, EC2M 2AT is regulated by the Financial Conduct Authority for the conduct of investment business in the UK. Peel Hunt has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.
- 16.2 Tennyson Securities of 65 Petty France, London, SW1H 9EU is a trading name of Shard Capital Partners LLP which is regulated by the Financial Conduct Authority. Tennyson Securities has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.
- 16.3 Crowe U.K. LLP of 2nd Floor, 55 Ludgate Hill, London, United Kingdom, EC4M 7JW has given and has not withdrawn its written consent to the inclusion of its name, its reports set out in Part 6 of this document and the references to such reports and its name, in the form and context in which they appear. Crowe U.K. LLP accepts responsibility for the reports set out in Part 6 in accordance with Schedule Two of the AIM Rules (and paragraph 1.2 of Annex I of the Prospectus Rules), confirms that to the best of its knowledge having taken all reasonable care to ensure that such is the case the information contained therein is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 16.4 ERC Equipoise Limited is acting in the capacity of Competent Person to the Company. ERC Equipoise Limited has no material interests in the Company. ERC Equipoise Limited has given and has not withdrawn its consent to the inclusion of its name and references to it in this document in the form and context in which it appears.
- 16.5 SLR Consulting (Africa) Pty Ltd is acting in its capacity as ESG adviser to the Company. SLR Consulting (Africa) Pty Ltd has no material interests in the Company. SLR Consulting (Africa) Pty Ltd has given and has not withdrawn its consent to the inclusion of its name and references to it in this document in the form and context in which it appears.

## **18 INFORMATION INCORPORATED BY REFERENCE**

- 19.1.1 The following documents published or issued on or prior to the date hereof shall be deemed to be incorporated in, and to form part of, this document:
- (a) the publicly available audited financial statements for the financial year ended 31 December 2021, as set out on pages 53 to 76 and the auditors' report thereon as set out on pages 47 to 52, as included in the Company's Annual Report 2022, which can be obtained from [www.afentraplc.com](http://www.afentraplc.com);
  - (b) the publicly available audited financial statements for the financial year ended 31 December 2020, as set out on pages 43 to 67 and the auditors' report thereon as set out on pages 37 to 42, as included in the Company's Annual Report 2021, which can be obtained from [www.afentraplc.com](http://www.afentraplc.com); and
  - (c) the publicly available audited financial statements for the financial year ended 31 December 2019, as set out on pages 39 to 64 and the auditors' report thereon as set out on pages 35 to 38, as included in the Company's Annual Report 2020, which can be obtained from [www.afentraplc.com](http://www.afentraplc.com).

## **19 AVAILABILITY OF ADMISSION DOCUMENT**

Copies of this document are available free of charge from the registered office of the Company and from the office of at the Company's registered office at High Holborn House, 52-54 High Holborn, London, England, WC1V 6RL during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document and will remain available for at least 30 days after the date of Admission. This document will also be available for download from the Company's website at [www.afentraplc.com](http://www.afentraplc.com).

Dated 10 August 2022

## PART 8

### NOTICE OF GENERAL MEETING

# AFENTRA PLC

*(Incorporated and Registered in England and Wales under the Companies Acts 1948 to 1981 with Registered No 01757721)*

Notice is hereby given that the General Meeting of Afentra PLC (the “Company”) will be held electronically on <https://web.lumiagm.com> on 30 August 2022 at 2p.m. for the purpose of considering and, if thought fit, passing the following resolution (the “Resolution”) as an ordinary resolution of the Company.

#### ORDINARY RESOLUTION

1. THAT, the Sonangol Acquisitions (as defined in the Admission Document) be and are hereby approved and the Directors (or any duly authorised committee thereof) be and are hereby authorised:
  - (a) to proceed with the Sonangol Acquisitions (details of which are set out in Part 1 of the Admission Document) substantially on the terms and subject to the conditions set out in the Sonangol Acquisition Agreement, a copy of which will be produced to the meeting and initialled by the Chairman for the purposes of identification, and all other agreements and ancillary documents contemplated by the Sonangol Acquisition Agreement;
  - (b) to do or procure to be done all such acts and things on behalf of the Company and Afentra Angola as the Directors consider necessary, desirable or expedient to implement, or otherwise in connection with, the Sonangol Acquisitions; and
  - (c) to agree or procure the agreement of such modifications, variations, revisions, waivers, extensions, additions or amendments to any of the terms and conditions of the Sonangol Acquisitions and/or to any documents relating to it, as the Directors (or any duly authorised committee thereof) may in their absolute discretion think fit, provided such modifications, variations, revisions, waivers, extensions, additions or amendments are not of a material nature.

By order of the Board

Richard Andrew Cliff

Company Secretary

10 August 2022

## NOTICE OF GENERAL MEETING NOTES:

### Right to Vote

1. To be entitled to vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), Shareholders must be registered in the Register of Members of the Company at close of trading on 25 August 2022. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. The Company will also be operating an electronic voting system that will allow Shareholders to cast their vote on the Resolution in advance of the General Meeting. Shareholders will be able to cast their vote electronically by logging on to <http://www.signalshares.com/> and following the instructions or using the CREST Proxy Voting Services. Electronic votes must be received by Link Group by 2p.m. on 25 August 2022.

### Joining the Electronic General Meeting

3. In order to join the General Meeting electronically and ask questions via the platform, Shareholders will need to connect to the following site <https://web.lumiagm.com>. Lumi is available as a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser, on a PC or smartphone device.
4. Once you have accessed <https://web.lumiagm.com> from your web browser on a tablet or computer, you will be asked to enter the Lumi Meeting ID which is 117-455-620. You will then be prompted to enter your unique 11 digit Investor Code (IVC) including any leading zeros and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder.
5. Your IVC can be found on your share certificate, or Signal Shares users ([www.signalshares.com](http://www.signalshares.com)) will find this under 'Manage your account' when logged in to the Signal Shares portal. You can also obtain this by contacting Link, our Registrars, by calling +44 (0) 371 277 1020. \*Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.
6. Access to the General Meeting will be available from 30 minutes before meeting start time, although the voting functionality will not be enabled until the Chairman of the meeting declares the poll open. During the General Meeting, you must ensure you are connected to the internet at all times in order to vote when the Chairman commences polling on the Resolution. Therefore, it is your responsibility to ensure connectivity for the duration of the General Meeting via your wi-fi. A user guide to the Lumi platform is available on our website at: <https://afentraplc.com/investors/>
7. If your shares are held within a nominee and you wish to attend the electronic meeting, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to Link Group, our registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, in order that they can obtain for you your unique IVC and PIN to enable you to attend the electronic meeting.

### Appointment of Proxies

8. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend the meeting on their behalf. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares held by that Shareholder. A proxy does not need to be a Shareholder but must be able to attend the meeting.
9. The Company encourages all Shareholders who wish to vote to utilise the electronic voting system to appoint the Chairman of the General Meeting as their proxy (by logging on to <http://www.signalshares.com/> and following the instructions or using the CREST Proxy Voting Services). The Company recommends that all Shareholders appoint the proxy as soon as possible, but in each case the proxy must be received by Link Group by 2p.m. on 25 August 2022.
10. If you wish to appoint a proxy other than the Chair of the meeting and for them to attend the virtual meeting on your behalf, please submit your proxy appointment in the usual way before contacting Link Group on +44 (0) 371 277 1020\* in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.
11. If you return more than one proxy appointment, the appointment received last by the Registrars before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
12. Appointment of a proxy by return of a completed form of proxy, electronic filing or CREST will not prevent a Shareholder from attending the meeting if he/she wishes to do so.
13. You can appoint a proxy to vote your shares by:
  - logging on to <http://www.signalshares.com/> and following the instructions;
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below;
  - If you need help with voting online, or require a paper proxy form, please contact our Registrar, Link Group, on + 44 (0)371 664 0391. Calls from the UK will be charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open

from 9 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales in order for a proxy appointment to be valid a form of proxy must be completed. In each case the proxy must be received by Link Group by 2 p.m. on 25 August 2022.

14. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/about/en/business/Keylegaldocuments.html>) (the “**CREST Manual**”). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
15. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer’s agent (ID RA:10) by 2 p.m. on 25 August 2022. For this purpose, the time of receipt will be taken to mean the time (as is determined by the timestamp applied to the message by the CREST application host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
16. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### **Joint Holders**

17. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s Register of Members in respect of the joint holding (the first named being the most senior).

#### **Corporate Representatives**

18. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

#### **Issued Share Capital**

19. As at 6 p.m. on 9 August 2022 (being the latest practicable business day prior to the publication of this Notice of General Meeting), the Company’s ordinary issued share capital consists of 220,053,520 Ordinary Shares, carrying one vote each. The Company does not hold any Treasury Shares. Therefore, the total voting rights in the Company as of 9 August 2022 are 220,053,520.

#### **Communication**

20. You may not use any electronic address (within the meaning of Section 333(4) of the Act) provided in either this Notice of General Meeting or any related documents to communicate with the Company for any purposes other than those expressly stated. A copy of this Notice can be found on the Company’s website at [www.Afentraplc.com](http://www.Afentraplc.com).

**PART 9**  
**COMPETENT PERSON'S REPORT**

Afentra plc

Block 3/05 Angola

Competent Person's Report

Effective Date 31 March 2022

Prepared For: Afentra Plc  
By: ERCE  
Date: August 2022

**ERCE**  
Independent Energy Experts

Approved by: Simon McDonald

Date released to client: 05/08/2022

## Table of Contents

<b>1.</b>	<b><i>Executive Summary</i></b> .....	<b>5</b>
<b>2.</b>	<b><i>Data Provided and Work Completed</i></b> .....	<b>15</b>
2.1.	Data Provided.....	15
2.2.	Work Completed .....	15
<b>3.</b>	<b><i>Block Overview</i></b> .....	<b>17</b>
<b>4.</b>	<b><i>Field Level Overviews</i></b> .....	<b>24</b>
4.1.	Introduction.....	24
4.2.	Pacassa .....	25
4.3.	Bufalo .....	27
4.4.	Palanca.....	29
4.5.	Impala .....	30
4.6.	Impala South East.....	31
4.7.	Cobo .....	32
4.8.	Pambi.....	33
4.9.	Oombo.....	34
<b>5.</b>	<b><i>Reserves, Production and Cost Profiles</i></b> .....	<b>36</b>
5.1.	Overview of Projects .....	36
5.2.	Reserves Estimation and Production Forecasts .....	37
5.2.1.	Developed Producing: No Further Activity (NFA) .....	37
5.2.2.	Undeveloped: Water Injection Restoration .....	38
5.2.3.	Undeveloped: Palanca F2 Platform Restart .....	41
5.2.4.	Undeveloped: Well Cobo-001R Workover.....	42
5.2.5.	Undeveloped: Well Impala IMP-001R Restart .....	42
5.2.6.	Reserves Summary.....	43
5.3.	Development Plans and Cost Estimates .....	44
5.3.1.	Developed Producing: No Further Activity (NFA) .....	45
5.3.2.	Undeveloped Projects.....	45
5.4.	Summary Cost and Production Profiles .....	46
<b>6.</b>	<b><i>Contingent Resources</i></b> .....	<b>48</b>
6.1.	Overview of Activities .....	48
6.2.	Contingent Resources Estimation .....	48
6.2.1.	Development Pending: Impala South East Infill Wells.....	48
6.2.2.	Development Pending: Palanca Infill Well.....	50

6.2.3.	Development Pending: Impala Infill Well .....	52
6.2.4.	Development Unclarified: Cobo Workovers to the labe Formation .....	53
6.2.5.	Development Not Viable: Forecast Production Beyond 2040 Licence Expiry .	54
6.2.6.	Contingent Resources Summary .....	55
<b>7.</b>	<b><i>Economic Valuation</i></b> .....	<b>57</b>
7.1.	<b>Fiscal Regime</b> .....	<b>57</b>
7.2.	<b>Economic Assumptions</b> .....	<b>58</b>
7.3.	<b>Valuation</b> .....	<b>58</b>
	<b><i>Appendix 1 – PRMS Guidelines</i></b> .....	<b>60</b>
	<b><i>Appendix 2 – Nomenclature</i></b> .....	<b>71</b>
	<b>Units and their abbreviations</b> .....	<b>71</b>
	<b>Terms and their abbreviations</b> .....	<b>72</b>
	<b><i>Appendix 3 – Sonangol Transaction</i></b> .....	<b>73</b>
	<b><i>Appendix 4 – INA Transaction</i></b> .....	<b>76</b>

**List of Tables**

Table 1.1: Summary of Assets .....	5
Table 1.2: Block 3/05 Contractor Group Post Transaction.....	6
Table 1.3: Field First Oil Dates and 2022 Production .....	6
Table 1.4: Block 3/05 Field Recoveries to End March 2022 .....	7
Table 1.5: Block 3/05 Field Well and Production Metrics.....	8
Table 1.6: Block 3/05 Oil Reserves as of 31 March 2022.....	9
Table 1.7: Block 3/05 Unrisked Oil Contingent Resources as of 31 March 2022 .....	11
Table 1.8: Brent Crude Oil Price Forecast.....	13
Table 1.9: Block 3/05 Economic Results as of 31 March 2022 .....	14
Table 3.1: Block 3/05 Current Contractor Group .....	17
Table 3.2: Block 3/05 Field Pressure, Temperature and Fluid Characteristics.....	19
Table 4.1: Block 3/05 Field Recovery Metrics at End March 2022.....	24
Table 4.2: Block 3/05 Well and Production Metrics .....	25
Table 5.1: NFA Gross TRR Estimate and Recovery Factors by Field to End 2040.....	38
Table 5.2: Water Injection Gross TRR Estimates by Field to End 2040.....	41
Table 5.3: PAL F2 Platform Restart Gross TRR Estimate to End 2040 .....	42
Table 5.4: Well Cobo-001R Workover Gross TRR Estimates to End 2040.....	42
Table 5.5: Well IMP-001R Restart TRR Estimate to End 2040.....	43
Table 5.6 : Block 3/05 Oil Reserves as of 31 March 2022 .....	43
Table 5.7: Block 3/05 Gross Developed Profiles .....	46
Table 5.8: Block3/05 Gross Undeveloped Profiles .....	47
Table 6.1: Gross Unrisked Contingent Resources, IMPSE-106ST and 112 Locations .....	50
Table 6.2: Palanca Infill Well Gross Unrisked Contingent Resources.....	51
Table 6.3: Impala Infill Well Gross Unrisked Contingent Resources .....	53
Table 6.4: Cobo-labe Gross Unrisked Contingent Resources .....	53
Table 6.5: Unrisked Contingent Resources Beyond 2040 Licence Expiry .....	55
Table 6.6: Gross Unrisked Oil Contingent Resources by Project & Sub-Class .....	55
Table 7.1 : Brent Crude Oil Price Forecast.....	58
Table 7.2 : Results of Economic Analysis as of 31 March 2022 .....	59

## List of Figures

Figure 1.1: Block 3/05 Location Map and Producing Fields (Source: Afentra) .....	5
Figure 3.1: Generalised Stratigraphic Column for the Pinda and labe (After Valle et al. 2001) .....	17
Figure 3.2: Example of Pinda Log Character and Lithology (Bufalo field Source: Sonangol P&P) .....	18
Figure 3.3: Block 3/05 Facilities Layout (Source: Sonangol P&P) .....	20
Figure 3.4: Block 3/05 Pictures of Selected Facilities (Source: Sonangol P&P).....	21
Figure 3.5: Block 3/05 Historical Oil Production by Field to End March 2022 (Source: Sonangol P&P) .....	22
Figure 3.6: Block 3/05 Production, Water Injection, GOR and WCT to End March 2022 .....	22
Figure 4.1: Pacassa Top Structure Depth Map (Source: Sonangol P&P) .....	26
Figure 4.2: Pacassa Production History to End 2021 .....	27
Figure 4.3: Bufalo Top Structure Depth Map (Source: Sonangol P&P).....	28
Figure 4.4: Bufalo Production History to End 2021 .....	29
Figure 4.5: Palanca Production History to End 2021 .....	30
Figure 4.6: Impala Production History to End 2021 .....	31
Figure 4.7: Impala SE Production History to End 2021.....	32
Figure 4.8: Cobo Production History to End 2021 .....	33
Figure 4.9: Pambi Production History to End 2021 .....	34
Figure 4.10: Oombo Production History to End 2021 .....	35
Figure 5.1: Block 3/05 Best Case NFA Production Forecast .....	37
Figure 5.2: Block 3/05 Planned Water Injection Ramp Up by Field (Source: Sonangol P&P) .....	39
Figure 5.3: ERCE Best Case Water Injection Incremental Production Forecast .....	40
Figure 6.1: Impala SE Map of Perforated Levels (Source: Sonangol P&P).....	49
Figure 6.2: Palanca Field Map of Perforated Levels (Source: Sonangol P&P) .....	51
Figure 6.3: Impala Field Map of Perforated Levels (Source: Sonangol P&P).....	52
Figure 6.4: labe Depth Map with Low and High Volumetric Polygons (Source: Sonangol P&P) .....	54

05/08/2022

The Directors  
Afentra plc  
High Holborn House  
52-54 High Holborn  
London WC1V 6RL

Peel Hunt LLP  
100 Liverpool Street  
London EC2M 2AT

Dear Sirs,

**Re: Competent Person's Report Block 3/05 Offshore Republic of Angola**

In accordance with your instructions, ERC Equipoise Ltd ("ERCE") has prepared a Competent Person's Report ("CPR") for the hydrocarbon Reserves and Contingent Resources associated with two separate transactions being undertaken by Afentra plc's wholly-owned subsidiary, Afentra (Angola) Ltd ("Afentra") (collectively, the "Transactions"). The effective date of this CPR is 31 March 2022 (the "Effective Date").

The first of the transactions pertinent to the CPR is Afentra's proposed purchase, from Sonangol Pesquisa e Produção S.A. ("Sonangol P&P"), of a 20.00% interest in Block 3/05 offshore Angola. The second of the transactions is Afentra's proposed purchase, from Industria Nafte d.d. ("INA"), of a 4.00% interest in Block 3/05 offshore Angola.

In preparation of this CPR, ERCE was provided, by Afentra and Sonangol P&P, data and information up to June 2022. A list of this data and information is included in Section 2.1 of this CPR. ERCE is not aware of any material change pertaining to the assets described in this CPR in the period between the Effective Date and the date of this report. Afentra has provided representations to this effect.

This CPR has been prepared on the basis that the licence for Block 3/05, which is currently due to expire on 30 June 2025, will be extended to 31 December 2040, and that the current fiscal terms will prevail to the end of the licence extension period. Extension of the licence to 31 December 2040 is a condition precedent for completion of the first transaction, and an expectation of the second transaction. If the licence extension is not granted, or the fiscal terms for the licence extension period are modified from those currently prevailing, the oil Reserves, oil Contingent Resources and estimates of net present value ("NPV") presented herein will require revision.

The CPR has been prepared in accordance with the June 2018 SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System (“PRMS”). A summary of the PRMS is found in Appendix 1 of this CPR. The full text can be downloaded from: -

<https://www.spe.org/en/industry/petroleum-resources-management-system-2018/>

Nomenclature that may be used in this CPR is summarised in Appendix 2.

ERCE is an independent consultancy specialising in geoscience evaluation, engineering, and economic assessment. ERCE will receive a fee for the preparation of this report in accordance with normal professional consulting practices. This fee is not dependent on the findings of this CPR or on Admission and ERCE will receive no other benefit for the preparation of this CPR. ERCE does not have any pecuniary or other interests that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the resources and reserves and the projections and assumptions included in the various technical studies completed by Afentra and Sonangol P&P, opined upon by ERCE and reported herein.

Neither ERCE nor the Competent Person who is responsible for authoring this CPR, nor any Directors of ERCE have at the date of this report, nor have had within the previous two years, any shareholding in Afentra or Peel Hunt LLP (“Peel Hunt”), or any other economic or beneficial interest (present or contingent) in any of the assets being reported on. ERCE is not a group, holding or associated company of Afentra or Peel Hunt. None of ERCE’s Directors, officers or employees are officers or proposed officers of any group, holding or associated company of Afentra or Peel Hunt. Consequently, ERCE, the Competent Person and the Directors of ERCE consider themselves to be independent of Afentra, its directors, senior management and Peel Hunt.

ERCE accepts responsibility for this CPR and for all of the technical information that has been directly extracted from the CPR and reported in the Aim Admission Document and to be dated around the same date as this letter.

ERCE declares that it has taken all reasonable care to ensure that the information contained in the CPR and included in the Aim Admission Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

In accordance with the AIM Rules for Companies, ERCE confirms that the presentation of information contained elsewhere in the Aim Admission Document which relates to information in the CPR is accurate, balanced and not inconsistent with the CPR.

### **Use of the Report**

This report is addressed to Afentra plc and its Nominated Adviser, Peel Hunt. ERCE understands that this report will be included as part of an Aim Admission Document to be published by Afentra.

This CPR was prepared by ERCE for the benefit of Afentra's Board of Directors and Peel Hunt. Any other third party to whom the client discloses or makes available this CPR shall not be entitled to rely on it or any part of it.

Afentra and Peel Hunt agree to ensure that any publication or use of this report which refers to ERCE shall be published or quoted in its entirety and neither Afentra nor Peel Hunt shall publish or use extracts of this report or any edited or amended version of this report, without the prior written consent of ERCE.

### **Disclaimer**

In the case that any part of this report is delivered in digital format, ERCE does not accept any responsibility for edits carried out by Afentra, Peel Hunt, or any third party or otherwise after the CPR has been prepared and issued by ERCE.

ERCE has used standard petroleum evaluation techniques in the generation of this report. These techniques combine geophysical and geological knowledge with assessments of porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure. There is uncertainty in the measurement and interpretation of primary data. ERCE has estimated the degree of this uncertainty and determined the range of petroleum initially in place and recoverable hydrocarbon volumes. In applying these procedures and tests, nothing came to the attention of ERCE that would suggest that information provided by Afentra and Sonangol P&P was not complete and accurate.

ERCE does not guarantee the correctness of any interpretation of information contained in the CPR and shall not be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of its officers, agents or employees.

ERCE reserves the right to review all calculations referred to or included in this report and to revise the estimates in light of erroneous data supplied or information existing but not made available which becomes known subsequent to the preparation of this CPR.

The accuracy of any Reserves, Contingent Resources and production estimates is a function of the quality and quantity of available data and of engineering interpretation and judgment. While Reserves, Contingent Resources and production estimates presented herein are considered reasonable, the estimates should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify revision, either upward or downward.

Revenue projections presented in this report are based in part on forecasts of market prices, currency rates, inflation, market demand and government policy which are subject to many uncertainties and may, in future, differ materially from the forecasts utilised herein. Present values of revenues documented in this report do not necessarily represent the fair market value of the Reserves evaluated herein.

In the case of Contingent Resources presented in this report, there is no certainty that it will be commercially viable to produce any portion of the resources. No site visits were undertaken in the preparation of this CPR.

### Professional Qualifications

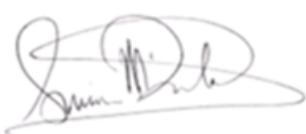
ERCE is an independent consultancy specialising in geoscience evaluation, engineering and economic assessment. ERCE has the relevant and appropriate qualifications, experience, and technical knowledge to appraise professionally and independently the assets.

For the purposes of this CPR a Competent Person is defined as someone who:

- is professionally qualified and a member in good standing of an appropriate recognised professional association and not a sole practitioner;
- has at least five years' relevant experience in the estimation, assessment and evaluation of the type of oil and gas assets under consideration;
- is independent of the company, its directors, senior management and advisers;
- is not remunerated by way of a fee dependent on the findings of the CPR.

The work has been supervised by Mr Simon McDonald. Mr. McDonald has 45 years of experience in the evaluation of oil and gas fields, preparation of development plans and assessment of reserves and resources. He holds a B. Sc. degree in Civil Engineering from Leeds University and a M. Sc. Degree in Petroleum Engineering from Imperial College, London. He is a Chartered Engineer and member of the Energy Institute, a member of the Society of Petroleum Engineers and of the Society of Petroleum Evaluation Engineers ("SPEE"). He has served as a member of the Board of the SPEE and also as a past President of the SPEE.

Yours faithfully



Simon McDonald

Founder Director

# 1. Executive Summary

Afentra proposes to purchase a 24.00% interest in Block 3/05 offshore Angola. This interest will comprise of 20.00% purchased from Sonangol P&P and 4.00% purchased from INA. Following the completion of these transactions, a summary of the asset which will be held by Afentra is shown in Table 1.1.

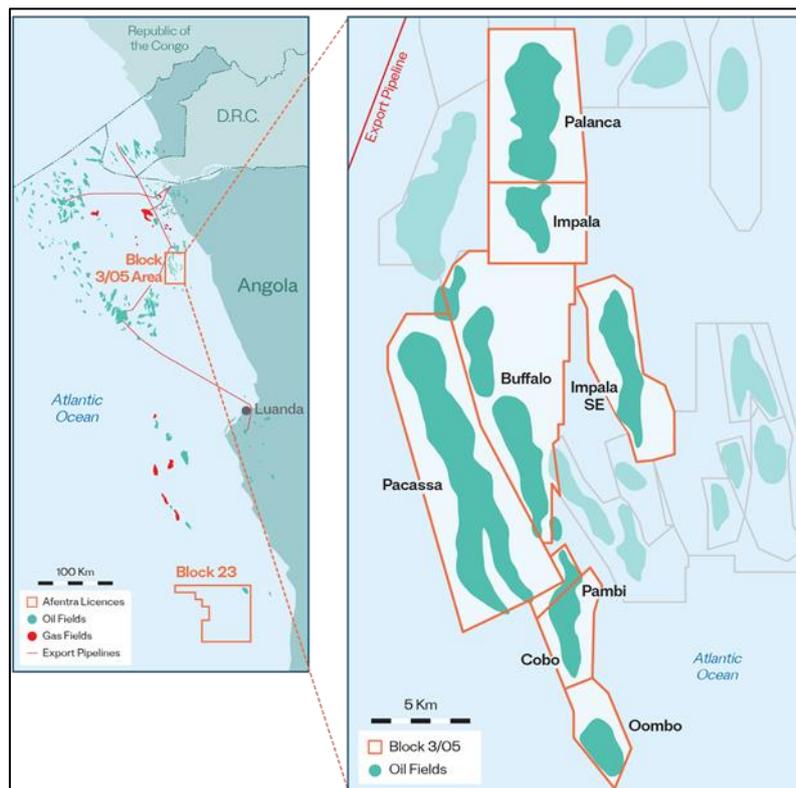
**Table 1.1: Summary of Assets**

Asset	Operator	Interest	Status	Licence expiry date	Licence area	Comments
Angola, Block 3/05	Sonangol P&P	24.00%	Production	Dec-2040	391 km <sup>2</sup>	Current oil production rate of 19.3 Mbbl/d

Note

- The current licence expiry date is 30 June 2025. A condition precedent of the transaction with Sonangol is extension of the licence to 31 December 2040, under terms no less attractive than currently prevail. The transaction with INA presumes this licence extension will be granted.

A location map and schematic of the producing fields within Block 3/05 is shown in Figure 1.1.



**Figure 1.1: Block 3/05 Location Map and Producing Fields (Source: Afentra)**

Post completion of the proposed acquisitions, the Block 3/05 joint venture will be comprised as shown in Table 1.2.

**Table 1.2: Block 3/05 Contractor Group Post Transaction**

Entity	Working Interest
Sonangol P&P (op)	30.00%
Afentra	24.00%
Maurel & Prom	20.00%
ENI	12.00%
Somol	10.00%
NIS-Naftagas	4.00%

The producing fields located within Block 3/05 are shown in Table 1.3 along with their average 2022 oil production rates to end March.

**Table 1.3: Field First Oil Dates and 2022 Production**

Field	First Oil	2022 Average Oil Rate to End March Mbb/d
Pacassa	1986	8.3
Bufalo	1988	2.8
Palanca	1985	1.4
Impala South East ("SE")	1988	1.2
Impala	1992	0.0
Cobo	1993	2.5
Pambi	1995	1.0
Oombo	1997	2.1
Total		19.3

Block 3/05 is developed by a network of four processing platforms and seventeen support structures located in shallow water depths from 60 to 100 m and some subsea architecture tying the Oombo field to Cobo. Floating facilities comprise an accommodation barge and the Palanca Terminal, which is a Floating Storage and Offloading facility ("FSO") with a maximum oil storage capacity of 2.0 million barrels.

First oil from Block 3/05 was achieved in February 1985 from Palanca with Oombo the last field brought on stream in October 1997. Peak oil production was approximately 200 Mbb/d in May 1998. The current oil production rate from all fields is approximately 19.3 Mbb/d with a water production rate of 58 Mbb/d (water cut<sup>1</sup> 75%).

Successful waterfloods were historically implemented in all fields with a Block 3/05 peak water injection rate of ~366 Mbb/d in November 1999. Water injection reduced sharply from mid-

<sup>1</sup> Water cut is defined as the ratio of produced water to total liquids commonly expressed as a percentage and abbreviated as "WCT".

2015 onwards and ceased completely in 2019 as water injection facilities became unavailable due to maintenance issues that were not remediated. Gas production has increased as the gas oil ratio<sup>2</sup> (“GOR”) of each field rose subsequent to the reduction and cessation of water injection.

Water injection re-instatement is planned for all fields commencing in July 2022 with a ramp up to 160 Mbb/d by year end. There has been intermittent injection in two fields since July 2020 and successful injection trials in two other fields. Water injection since February 2022 has been zero in all fields while re-instatement activities have been underway.

There have been no infill drilling campaigns since 2005. Plans for infill drilling campaigns are currently being matured.

Field recovery and production metrics are summarised in Table 1.4 and Table 1.5.

**Table 1.4: Block 3/05 Field Recoveries to End March 2022**

Field	Discovered	First Oil	Peak Oil Mbb/d	Year	STOIIP	Cum. Prod. at End March 2022	Recovery Factor at End March 2022
					MMstb	MMstb	%
Pacassa	1982	1986	75.9	1998	1103	506	46%
Bufalo	1982	1988	23.8	1989	358	140	39%
Palanca	1981	1985	52.7	1988	587	275	47%
Impala	1982	1992	4.4	1999	60	12	19%
Impala SE	1985	1988	28.9	1990	320	121	38%
Cobo	1990	1993	46.9	1996	396	169	43%
Pambi	1990	1995	28.4	1997	170	52	31%
Oombo	1992	1997	22.3	2001	163	69	42%
<b>Block 3/05</b>					<b>3157</b>	<b>1343</b>	<b>43%</b>

#### Notes

1. All STOIIPs are Operator current best estimates.
2. Cumulative field oil production (“Cum Prod”) is based on actuals to end March 2022.
3. Pacassa STOIIP is the from the Operator’s 2021 study and excludes the Pacassa SW, North East, and Graben Block segments.
4. Oombo STOIIP is from the Operator’s 2021 study.
5. Recovery Factor is calculated as cumulative oil production at end March 2022 divided by the STOIIP.

<sup>2</sup> Gas oil ratio (“GOR”) is the ratio of produced gas to produced oil commonly abbreviated as GOR.

Table 1.5: Block 3/05 Field Well and Production Metrics

Field	Active Wells @ Dec 2021		2022 Averages to End March		
	Producers	Injectors	Mbbl/d	Water cut %	GOR scf/stb
Pacassa	14	4	8.3	64%	3240
Bufalo	6	1	2.8	43%	3610
Palanca	3	0	1.4	84%	1805
Impala	0	0	0.0	NA	NA
Impala SE	6	0	1.2	91%	3140
Cobo	4	0	2.5	67%	1760
Pambi	3	0	1.0	69%	3830
Oombo	2	0	2.1	85%	2050
<b>Block 3/05</b>	<b>38</b>	<b>5</b>	<b>19.3</b>	<b>75%</b>	<b>2970</b>

Since July 2020 approximately 10 MMbbl of water has been injected into Pacassa on average at rates of up to 45 Mbbl/d and 2.1 MMbbl into Bufalo at up to 7.7 Mbbl/d.

ERCE has estimated Reserves and Contingent Resources within Block 3/05 as follows:

### Reserves

*Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates as Proved (1P), Proved plus Probable (2P) and Proved plus Probable plus Possible (3P).*

Reserves within Block 3/05 have been assigned to the following currently underway or approved projects:

- Producing fields' No Further Activity ("NFA")
- Water injection restoration in all fields<sup>3</sup>
- Palanca F2 platform restart including workovers to bring three wells back on stream
- Impala Well IMP-001R restart
- A workover in Well Cobo-001R within the Cobo Pinda reservoir

Reserves are reported on a field gross, Company working interest, and Company net entitlement basis as of 31 March 2022 (Table 1.6). The producing fields' NFA Reserves have been classified as Developed Producing and all other project Reserves as Undeveloped.

<sup>3</sup> Excluding Impala which does not have an injection well.

There are no discovered gas resources within Block 3/05. There are currently no sales gas reserves associated with the Block 3/05 producing fields and volumes of gas consumed in operations have not been included in this CPR as Reserves.

**Table 1.6: Block 3/05 Oil Reserves as of 31 March 2022**

Operational Status/ Project	Gross (MMstb)			Afentra Working Interest (MMstb)			Afentra Net Entitlement (MMstb)			Operator
	1P	2P	3P	1P	2P	3P	1P	2P	3P	
Developed Producing										
NFA	33.8	64.4	76.4	8.1	15.5	18.3	6.1	10.5	11.0	Sonangol P&P
Undeveloped										
Water Injection Restoration	36.9	39.4	65.7	8.9	9.5	15.8	6.7	5.1	7.3	Sonangol P&P
Palanca F2 Platform Restart	5.2	7.7	9.6	1.2	1.9	2.3	0.9	1.1	1.2	Sonangol P&P
Well Cobo-001R Workover	1.3	2.9	5.2	0.3	0.7	1.3	0.2	0.4	0.7	Sonangol P&P
Impala IMP-001R Restart	0.4	0.9	1.2	0.1	0.2	0.3	0.1	0.1	0.1	Sonangol P&P
Total Undeveloped	43.8	50.9	81.8	10.5	12.2	19.6	7.9	6.7	9.3	Sonangol P&P
<b>Total All Reserves Classes</b>	<b>77.6</b>	<b>115.2</b>	<b>158.2</b>	<b>18.6</b>	<b>27.7</b>	<b>38.0</b>	<b>14.1</b>	<b>17.2</b>	<b>20.2</b>	Sonangol P&P

#### Notes

1. The Effective Date is 31 March 2022.
2. Reserves assume licence extension from 30 June 2025 to 31 December 2040 and that the current fiscal terms apply during the extension period.
3. The water injection restoration project, when aggregated with the NFA forecast, extends the 1P field life from 2029 to the end of the assumed extended licence period in 2040. The 1P Reserves for the water injection restoration project of 36.9 MMstb therefore comprise 19.7 MMstb from water injection and 17.2 MMstb from an extension of the NFA forecast.
4. Reserves for the other Undeveloped projects have been determined from economic cut offs that have been run on an incremental basis to the NFA plus water injection scenario.
5. Totals are added arithmetically which means statistically there is a greater than 90% chance of exceeding the Total 1P and less than a 10% chance of exceeding the Total 3P.
6. Afentra Working Interest Reserves comprise the gross Reserves multiplied by Afentra's 24.00% Working Interest in Block 3/05 after completion of the Transactions.
7. Afentra Net Entitlement Reserves are that portion of the future production (and thus Reserves) accruing to Afentra, based on its share of total cost and profit revenues calculated under the terms of the licence agreement.
8. This table shows the aggregated Reserves associated with both the Sonangol P&P and INA transactions. Reserves associated with each of the transactions individually may be found in Appendices 3 and 4.

The ERCE estimates of Developed Reserves in the producing fields are based on the assessment of production performance analysis using decline curve analysis ("DCA")

techniques. Estimates of Undeveloped Reserves are based on hydrocarbon in place and recovery efficiency estimates, analogue type curves, historic well performance analysis and/or the Operator's dynamic modelling. The specific methods used are presented in the field description sections of this report.

The range of uncertainty associated with the estimated recoverable quantities of oil and the rate of future oil production from the restoration of water injection in each field is wide. The limited water injection that has occurred into the fields in the past seven years means that current field and well performance trends cannot be used to forecast the benefits of water injection. There is a lack of recent reservoir pressure measurements and a sparsity of current reservoir simulation models with which to estimate future oil production. As a result, there is considerable uncertainty as to the current level of depletion of each field below the bubble point<sup>4</sup> pressure and hence the timing and quantities of increased oil production that is expected to occur once water injection re-commences and the reservoirs are re-pressurised.

Our estimates of Undeveloped oil Reserves for water injection in each field have therefore been guided by consideration of the results of the only current simulation study carried out in 2019 on the Cobo-Pambi fields, adjusted to reflect variations on a field basis, including differences in stock tank oil initially in place ("STOIIP"), current recovery factors, and planned water injection rates<sup>5</sup>.

In accordance with the PRMS guidelines, the cessation of production date used to estimate Reserves is defined as the end of the last six months period that the operating cash flow is positive, the end of the technical field life, or the end of the assumed extended licence period, whichever occurs soonest.

## Contingent Resources

**Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates as 1C, 2C and 3C.

In addition to quantities that are classified by ERCE as Reserves, the assets include quantities associated with certain projects that have been classified by ERCE as Contingent Resources.

---

<sup>4</sup> Bubble point pressure of an oil is defined as the pressure at which the first bubble of gas appears at the reservoir temperature.

<sup>5</sup> A simulation model study of the Pacassa field in 2021 has not been relied upon due to a poor history match towards the end of the history matched production period.

The projects associated with Contingent Resources are, by definition, commercially less mature than the Reserves projects.

Contingent Resources have been assigned within Block 3/05 to the following projects:

- Two infill wells in Impala South East
- An infill well in Palanca
- An infill well in Impala
- Workovers in two Cobo wells to recomplete in the overlying labe reservoir
- Licence extension for five years beyond the assumed licence expiry of 31 December 2040

Table 1.7 presents the unrisks gross and Afentra working interest oil Contingent Resources as of 31 March 2022 by project and in aggregate. The infill wells have been classified as Development Pending, the Cobo labe workovers as Development Unclarified, and the volumes for five years beyond licence expiry as Development Not Viable.

Additional Block 3/05 opportunities have also been identified by the Operator. These projects have not been assessed at this time and are subject to further work. Those identified include potential infill drilling into the northern area of the Bufalo field, potential Oombo redevelopment, a potential well into the Pacassa SW prospect, and additional volumes in the labe formation in Pacassa, Cobo, and Oombo. Further additional opportunities could include more wells and activities across all other fields.

**Table 1.7: Block 3/05 Unrisks Oil Contingent Resources as of 31 March 2022**

Oil Contingent Resources by Project and Sub-Class (Unrisks)	Gross (MMstb)			Afentra Working Interest (MMstb)			Operator
	1C	2C	3C	1C	2C	3C	
Development Pending							
Impala South East Infill	6.0	10.8	18.8	1.4	2.6	4.5	Sonangol P&P
Impala Infill	1.0	3.0	4.8	0.2	0.7	1.2	Sonangol P&P
Palanca Infill	1.5	4.4	7.6	0.4	1.1	1.8	Sonangol P&P
Total Development Pending	8.6	18.2	31.2	2.1	4.4	7.5	Sonangol P&P
Development Unclarified							
Cobo Workovers to the labe Formation	0.2	1.1	5.8	0.0	0.3	1.4	Sonangol P&P
Development Not Viable							
Licence Extension from 2041 to 2045	12.0	22.6	33.2	2.9	5.4	8.0	Sonangol P&P
<b>Total All Contingent Resource Classes</b>	<b>20.8</b>	<b>41.9</b>	<b>70.3</b>	<b>5.0</b>	<b>10.0</b>	<b>16.9</b>	Sonangol P&P

## Notes

1. Volumes shown are unrisks oil Contingent Resources that have not been risked for chance of development.
2. Afentra Working Interest Contingent Resources are based upon a post Transactions working interest of 24.00%; for the Development Not Viable Contingent Resources it has been assumed that Afentra's Working Interest would remain unchanged in the event the licence is extended from end 2040 to end 2045.
3. Afentra Net Entitlement Contingent Resources are not disclosed because an economic evaluation of these volumes has not been performed. There is no certainty that any of the Contingent Resources shown are economically viable.
4. Totals are added arithmetically which means statistically there is a greater than 90% chance of exceeding the Total 1C and less than a 10% chance of exceeding the Total 3C.
5. This table shows aggregated Contingent Resources associated with both the Sonangol P&P and INA transactions. Contingent Resources associated with each of the transactions individually may be found in Appendices 3 and 4.

## Economic Evaluation

ERCE has undertaken an economic evaluation to determine the economic limit and the NPV of the fields in Block 3/05 offshore Angola, based on the current Block 3/05 fiscal terms in Angola, the production and cost profiles generated by or accepted by ERCE, and the commercial assumptions listed below.

Block 3/05 is governed by a Production Sharing Agreement ("PSA") which was signed in October 2005. The current expiry date is 30 June 2025. ERCE has been advised by Afentra that a condition precedent for completion of the purchase of a 20.00% interest in the block from Sonangol is that the licence for Block 3/05 will be extended to 31 December 2040, and that this will come in the form of a presidential decree which is currently awaited following signature of the Sales and Purchase Agreement ("SPA") on 22 April 2022. Taking this into account, for the purpose of this report ERCE has modelled the fiscal regime based on current terms but to an expiry date of 31 December 2040. If the licence extension is not approved, or the fiscal terms are modified from the current agreement, the oil Reserves and NPV estimates presented herein will require revision.

The main fiscal elements of the Block 3/05 PSA include but are not limited to:

- Cost ceiling is 65% of gross revenues
- 1.33 uplift for development capital expenditure
- Development Cost Amortisation is 25%/year
- Profit Oil is split 30% to Contractor and 70% to ANPG<sup>6</sup>
- Corporate Income Tax is 50%

---

<sup>6</sup> Agência Nacional de Petróleo, Gás e Biocombustíveis - Angola's National Oil, Gas and Biofuel's Agency.

The following commercial parameters were adopted in the modelling of discounted cash flows for this evaluation.

- ERCE has assumed a Brent Crude Oil price of US\$97/bbl in 2022, US\$85/bbl in 2023, US\$75/bbl in 2024, US\$72/bbl in 2025 and thereafter in real terms. Prices are escalated at 2.0% per annum inflation.
- ERCE has assumed the oil from Block 3/05 is sold at parity to the Brent Crude Oil price, based on information provided by Afentra.
- Capital and operating costs have been determined in 2022 real terms and inflated at a 2.0% inflation rate.

The Brent Crude Oil price forecast used by ERCE is tabulated in Table 1.8.

**Table 1.8: Brent Crude Oil Price Forecast**

ERCE (Base Case) Brent Assumptions (\$/bbl)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+
Real (Constant \$, 2022)	97	85	75	72	72	72	72	72	72	72	72
Nominal (\$ of the day)	97	86	78	76	78	79	81	82	84	86	+2.0% pa

Economic results net to Afentra as at the Effective Date of 31 March 2022 in US\$ MM at the 1P, 2P and 3P levels of uncertainty are shown in Table 1.9 for each of the Developed Producing NFA and Undeveloped projects in aggregate and for all projects combined at discount rates ranging from 0 to 20%.

Table 1.9: Block 3/05 Economic Results as of 31 March 2022

Block 3/05 Developed and Undeveloped Summary	Economic Limit (Year)	Net NPV				
		0% (US \$MM)	5% (US \$MM)	10% (US \$MM)	15% (US \$MM)	20% (US \$MM)
<b>Developed Producing</b>						
NFA 1P	2029	105.3	96.9	89.7	83.5	78.3
NFA 2P	2040	220.9	176.5	148.7	129.8	116.2
NFA 3P	2040	265.3	207.1	171.9	148.8	132.7
<b>Undeveloped</b>						
Water Injection Restoration						
1P	2040	54.1	28.4	15.1	8.0	3.9
2P	2040	84.6	47.5	28.2	17.6	11.3
3P	2040	160.6	92.4	56.7	36.7	24.9
Other Projects						
1P	2040	14.4	7.5	3.6	1.2	-0.3
2P	2040	24.5	15.7	10.5	7.1	4.9
3P	2040	38.3	24.7	16.8	11.8	8.6
<b>Total Undeveloped</b>						
1P	2040	68.5	35.9	18.7	9.1	3.6
2P	2040	109.1	63.2	38.7	24.7	16.2
3P	2040	199.0	117.1	73.5	48.6	33.5
<b>Total Developed plus Undeveloped</b>						
1P	2040	173.9	132.8	108.4	92.7	81.9
2P	2040	330.0	239.7	187.4	154.5	132.4
3P	2040	464.3	324.2	245.3	197.4	166.2

## Notes

1. Undeveloped "Other Projects" are the Palanca F2 platform restart, the Well Cobo-001R workover and the Well IMP-001R restart.
2. Economics for the Other Projects have been determined on an incremental basis to the combined NFA plus water injection restoration scenarios.
3. Totals are added arithmetically.
4. This table shows aggregated economic results associated with both the Sonangol P&P and INA transactions. Economic results associated with each of the transactions individually may be found in Appendices 3 and 4.

## 2. Data Provided and Work Completed

### 2.1. Data Provided

ERCE has relied upon data and information made available by Afentra and information resulting from three meetings with the Sonangol P&P Block 3/05 technical team on 24 May, 26 May, and 9 June 2022 respectively.

These data comprise details of the Block 3/05 licence interests, commercial and legal terms, primary exploration and engineering data, field development plans and associated cost estimates reported in TCM, OCM, and technical workshop materials up to 8 June 2022, and further discussed in the three meetings with Sonangol P&P. Materials provided included technical reports, interpreted data (including a January 2020 simulation study report on the Cobo-Pambi fields, and December 2021 reservoir simulation study reports for the Pacassa and Oombo fields), field and well oil, water, and gas production and injection data to March 2022, and field oil production through June 2022. No original seismic or well petrophysical data were available for review, nor original well or field pressure data, or field reservoir models.

No site visit was undertaken in the preparation of this report.

### 2.2. Work Completed

ERCE has used standard petroleum evaluation techniques in the generation of this report. These techniques combine geophysical and geological knowledge with assessments of porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure. There is uncertainty in the measurement and interpretation of primary data.

For evaluating Reserves, ERCE had insufficient data to independently assess the STOIP of each field. ERCE does not consider this hindered its analysis as Reserves and their associated uncertainty have been assessed by using production performance analysis, type curves from analogue wells, and calibration to studies work undertaken by the Operator. Where appropriate Sonangol P&P's STOIP best estimates have been compared to the Reserves estimates to provide relative context and as a cross check to ensure projected recovery factors are reasonable.

For assessing Contingent Resources ERCE has adopted similar approaches to those used for Reserves, plus together where possible ERCE has also made checks on the STOIP for the project areas. Estimates of recovery factors were then prepared based on consideration of the results of production performance analysis, Operator studies, classical reservoir engineering calculations and the performance of analogue wells and fields.

Production profiles have been generated by ERCE for the Reserves. The forecasts generated have then been used as input to an economic model to undertake an Economic Limit Test ("ELT"). The economic model has been provided to ERCE by Afentra, which ERCE has reviewed and has confirmed that the fiscal regime is correctly represented.

ERCE has evaluated the development plans for the various assets. For each field, ERCE has audited forecasts of capital, operating and abandonment costs provided by Sonangol P&P. ERCE has reviewed the costs provided and benchmarked them against its internal database to ensure they are reasonable. Where possible these estimates were compared to historical, actual costs. ERCE has used its own cost estimates where these differed significantly from those presented. ERCE's economic analysis does not take into account any outstanding debt, nor future indirect corporate costs.

### 3. Block Overview

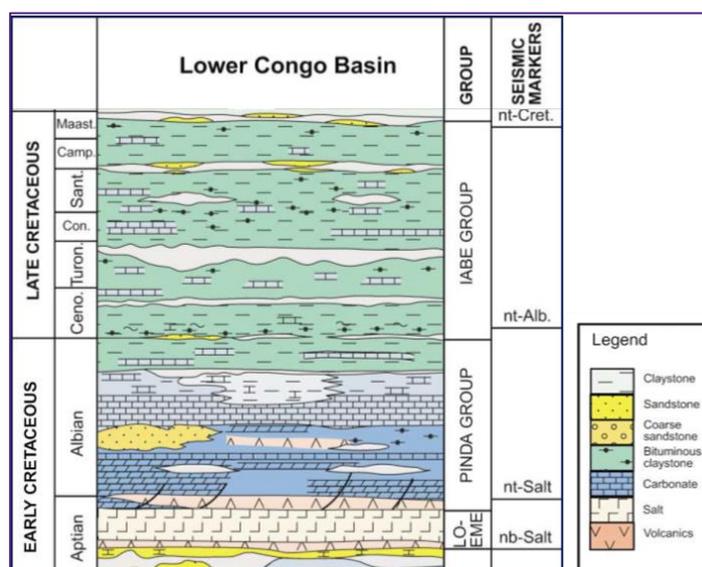
Block 3/05 is located offshore Angola in the southern Congo Basin approximately 210 km northwest of Luanda. The block is operated by Sonangol P&P on behalf of the following contractor group shown in Table 3.1.

**Table 3.1: Block 3/05 Current Contractor Group**

Entity	Working Interest
Sonangol P&P (op)	50.00%
Maurel & Prom	20.00%
ENI	12.00%
Somol	10.00%
NIS-Naftagas	4.00%
INA	4.00%

The block comprises eight producing oil fields (Palanca, Pacassa, Bufalo, Impala SE, Impala, Cobo, Pambi and Oombo) located approximately 37 km offshore Angola. Palanca is the northern most field while Oombo is the southernmost. Water depth ranges from 40 m in the north of the block to 200 m in the south with the existing infrastructure sitting in a maximum depth of 100 m.

The major reservoir (and source of all current production) is the Albian age Pinda formation (Figure 3.1 and Figure 3.2). In addition, there are oil accumulations in the Cenomanian age labe formation in the Cobo, Oombo and Pacassa field area and in the Tertiary Malembo Formation which are not currently producing.



**Figure 3.1: Generalised Stratigraphic Column for the Pinda and labe (After Valle et al. 2001)**

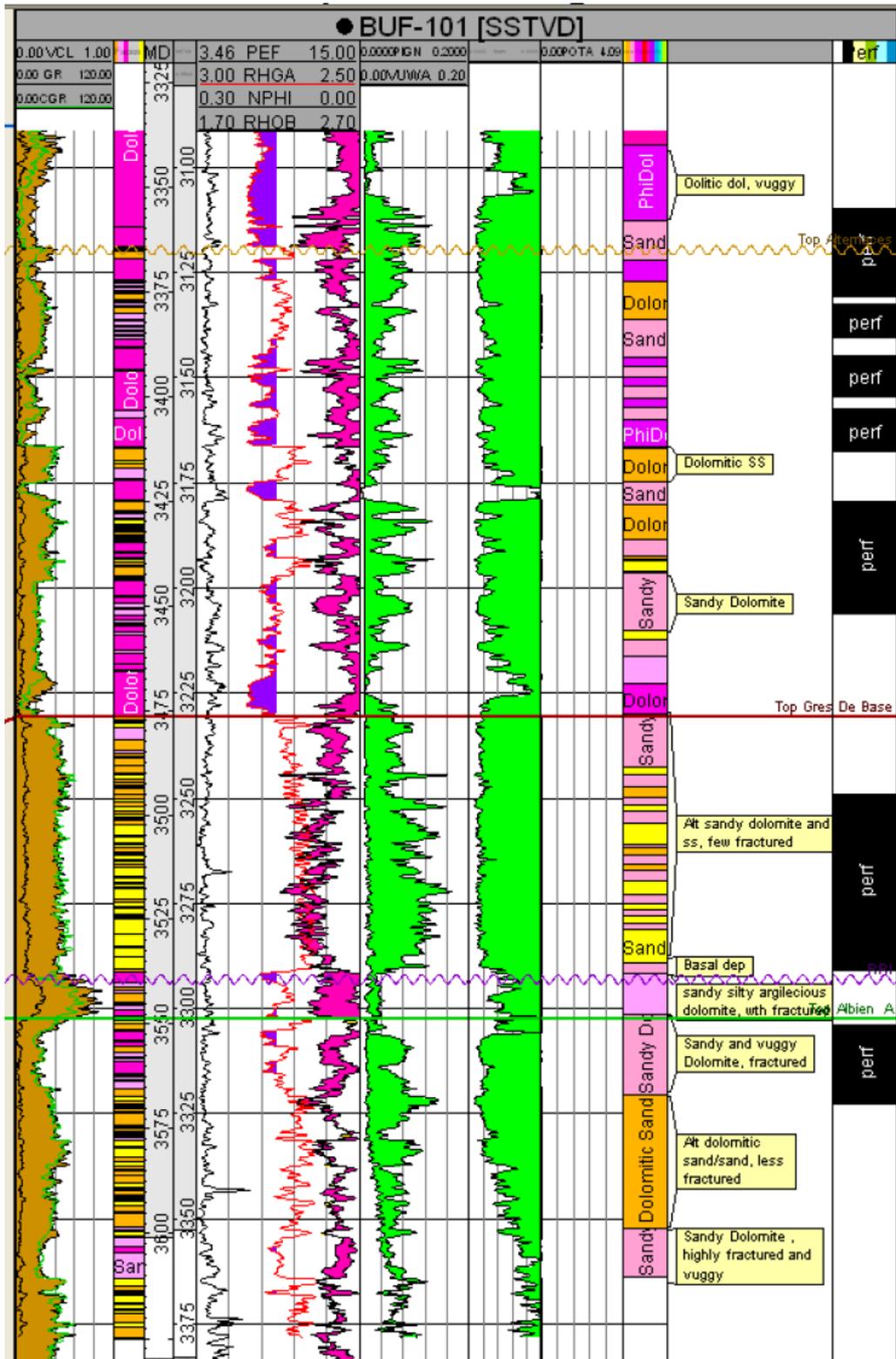


Figure 3.2: Example of Pinda Log Character and Lithology (Bufalo field Source: Sonangol P&P)

The Upper and Lower Pinda comprises thinly bedded mixed calcareous and quartzose sandstone, limestone and shale. The Upper Pinda carbonate sandstones (Bufalo facies) are generally the best reservoir rocks, with excellent porosity and permeability characteristics,

typically 20-25% porosity and 50 to 500 mD permeability. The Lower Pinda carbonates (Pacassa facies) are generally oolitic or oncolytic reefs formed in a high-energy marine environment. Subaerial exposure has caused dolomitization in places that has enhanced the reservoir characteristics giving typical porosities of 10-20% but with relatively low permeabilities of 10-20 mD.

All the major fields in the southern Congo Basin produce from the Pinda reservoir. The depth of the Pinda varies from 2000 – 3500 metres and it ranges in thickness from 300 to 480 metres.

The reservoir and fluid characteristics are presented in Table 3.2, which shows the Block 3/05 reservoirs contained initially undersaturated, light, low-viscosity oils.

**Table 3.2: Block 3/05 Field Pressure, Temperature and Fluid Characteristics**

Parameter	Units	Field					
		Pacassa	Bufalo	Palanca	Impala SE	Cobo-Pambi	Oombo
Initial Pressure	psia	6164	5865	4357	3960	5903	5497
Temperature	°C	157	147	151	140	142	131
Saturation Pressure	psia	3133	4424	3749	3321	3452	2480
GOR	scf/stb	825	1404	1123	1027	893	376
Density of Oil at Surface	°API	38	38	40	41	38	34
Oil Viscosity	Cp	0.4	0.3	0.2	0.2	0.3	0.5

Block 3/05 is developed by a network of four processing platforms and seventeen support structures interlinked by 220 km of submarine pipelines (Figure 3.3). Floating facilities comprise an accommodation barge and the Palanca Terminal, which is an FSO with a maximum oil storage capacity of 2.0 million barrels.

Oil is processed by four production platforms comprising the following:

- Palanca PAL-P1 and PAL-P2 platforms which process oil from the Palanca, Impala, and Impala SE fields. PAL-P1, PAL-P2 and PAL-F1 are linked by walkways.
- Pacassa PAC-F1, which processes oil from the Pacassa and Bufalo fields.
- Cobo COB-P1, which processes oil from the Cobo, Pambi and Oombo fields.

Processes include the gathering and separation of produced fluids, water injection, and gas lift.





Figure 3.4: Block 3/05 Pictures of Selected Facilities (Source: Sonangol P&P)

The gas which is separated from the reservoir fluids in the separation process is either used for fuel, gas lift, or is flared during normal production operations using HP and LP flares.

Elf-Total acted as Operator until the period 2005 to 2013 when there was a stepwise field handover to Sonangol P&P. There have been no infill drilling campaigns since 2005.

A graph of Block 3/05 historical oil production rate by field is shown in Figure 3.5 while Figure 3.6 shows the Block 3/05 historical total oil rate along with water injection rate, GOR, and water cut ("WCT").

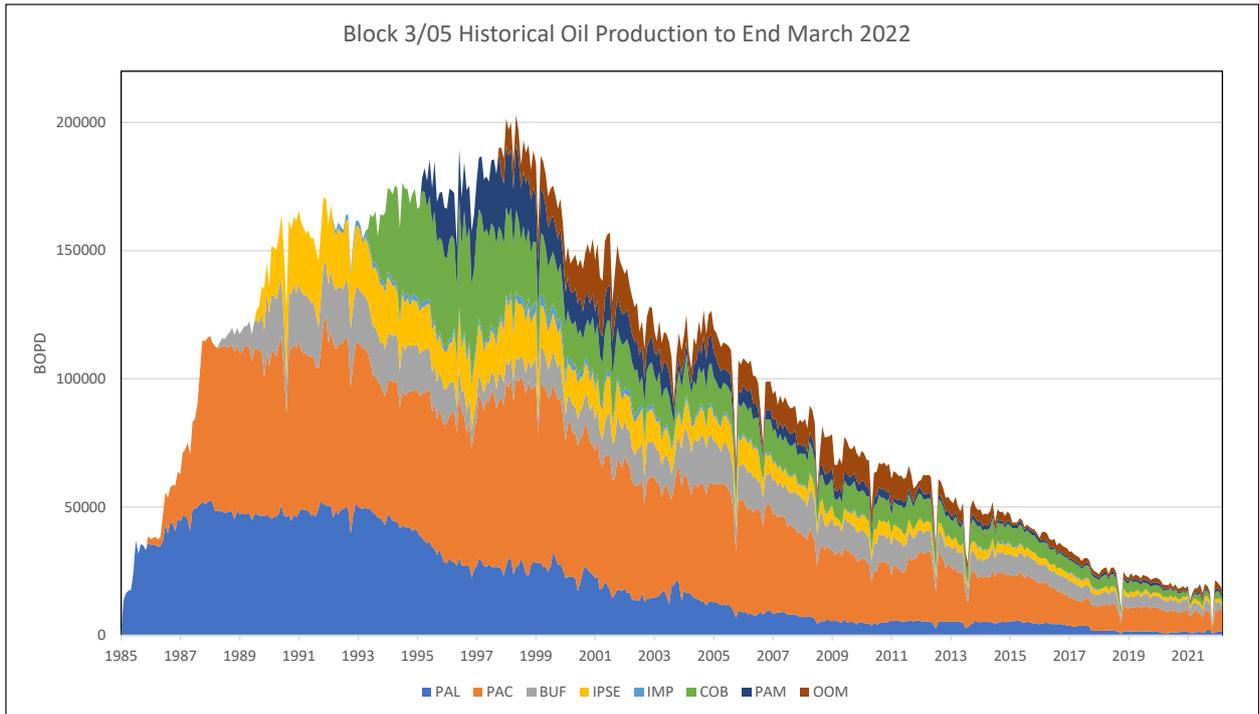


Figure 3.5: Block 3/05 Historical Oil Production by Field to End March 2022 (Source: Sonangol P&P)

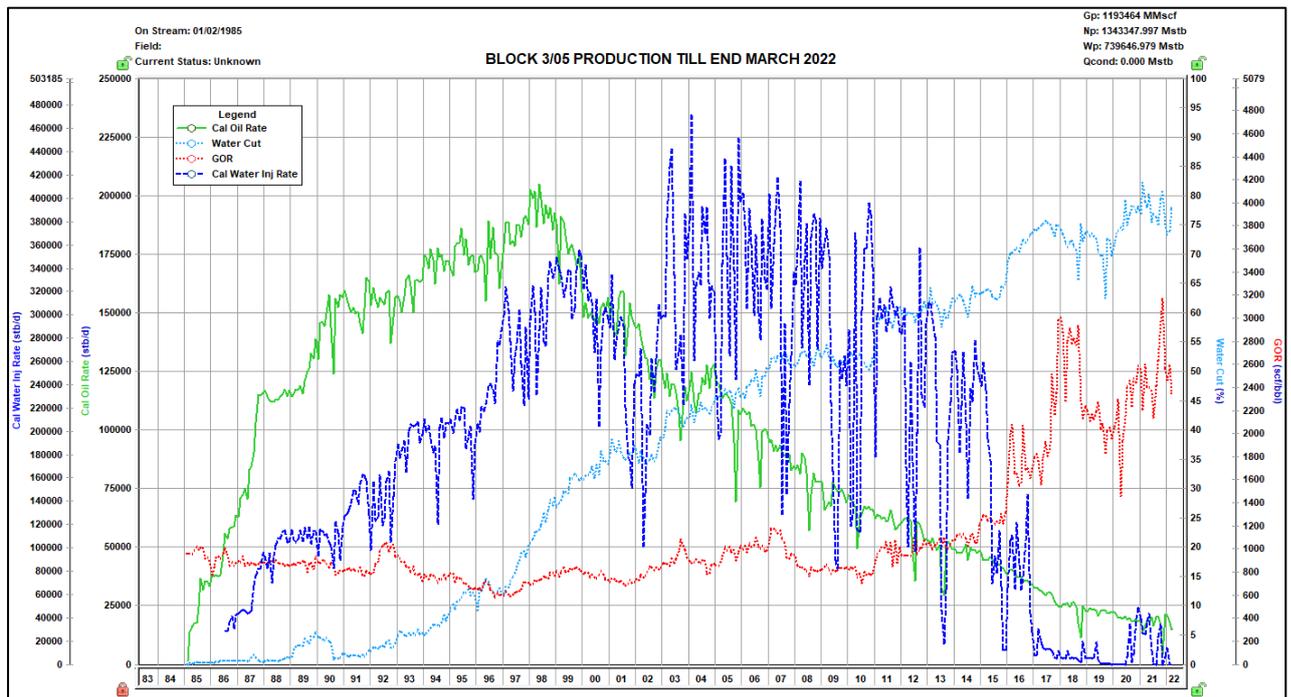


Figure 3.6: Block 3/05 Production, Water Injection, GOR and WCT to End March 2022

Block 3/05 oil production peaked at ~200 Mbb/d in 1998. Successful waterfloods were historically implemented in all fields with a Block 3/05 peak water injection rate of ~350 Mbb/d in November 1999. Water injection reduced sharply from mid-2015 onwards and ceased

completely in 2019 as water injection facilities became unavailable due to maintenance issues that were not remediated. There has been limited water injection into the Pacassa and Bufalo fields in the period July 2020 to January 2022. Field GORs have increased as water injection declined and ceased indicating that free gas has been liberated as reservoirs have fallen below their bubble point pressures.

Water injection re-instatement is ongoing with intermittent water injection into Pacassa and Bufalo since July 2020, successful trials in Palanca and Impala SE, and plans in place for re-injection into all fields to recommence from July 2022. Water injection since February 2022 has been zero in all fields while re-instatement activities have been underway.

## 4. Field Level Overviews

### 4.1. Introduction

The Block 3/05 fields' recovery metrics at end March 2022 are shown in Table 4.1. They have a combined STOIIP of approximately 3157 MMstb and to the end of March 2022 had recovered 1343 MMstb oil giving a recovery factor of just under 43%. The largest field, Pacassa, has a STOIIP of approximately 1.1 Bbbl and has recovered just over 500 MMbbl for a recovery factor of just under 46%.

**Table 4.1: Block 3/05 Field Recovery Metrics at End March 2022**

Field	Discovered	First Oil	Peak Oil Mbb/d	Year	STOIIP	Cum. Prod. at End March 2022	Recovery Factor at End March 2022
					MMstb	MMstb	
Pacassa	1982	1986	75.9	1998	1103	506	46%
Bufalo	1982	1988	23.8	1989	358	140	39%
Palanca	1981	1985	52.7	1988	587	275	47%
Impala	1982	1992	4.4	1999	60	12	19%
Impala SE	1985	1988	28.9	1990	320	121	38%
Cobo	1990	1993	46.9	1996	396	169	43%
Pambi	1990	1995	28.4	1997	170	52	31%
Oombo	1992	1997	22.3	2001	163	69	42%
<b>Block 3/05</b>					<b>3157</b>	<b>1343</b>	<b>43%</b>

#### Notes

1. The field STOIIPs are the Operator's current best estimates.
2. Cumulative field oil production ("Cum Prod") is based on actuals to end March 2022.
3. The Pacassa STOIIP of 1103 MMstb is taken from the 2021 modelling work reported in TCM #35 and excludes volumes associated with the Pacassa SW prospect (60 MMstb), Graben Block (1 MMstb), and North East segment (7 MMstb).
4. The Oombo STOIIP of 163 MMstb is taken from the 2021 modelling work reported in TCM #35.

The Block 3/05 fields well and production metrics are shown in Table 4.2. There are currently 39 active producing wells and nine active injection wells. They produced at an average oil rate of 19.3 Mbb/d for the period from January to March 2022 at an average water cut of ~75% and GOR of ~ 3000 scf/stb. Following the sharp drop in water injection since mid-2015 the field GOR trends and the limited available pressure data would suggest that free gas is likely to be present in certain fields, or regions within certain fields, with pressures currently below their bubble point pressures.

Water injection has been restored into Pacassa and Bufalo since July 2020 with injection through to January 2022 before being shut-in for field wide reinstatement works. Water injection into both fields during this period has been variable with fluctuating rates and periods

of shut-in associated with reinstatement. Since July 2020 approximately 10 MMbbl has been injected into Pacassa at rates of up to ~45 Mbb/d and 2.1 MMbbl into Bufalo at rates of up to 7.7 Mbb/d.

**Table 4.2: Block 3/05 Well and Production Metrics**

Field	Active Wells @ Dec 2021		2022 Averages to End March	Water cut	GOR
	Producers	Injectors	Mbb/d	%	scf/stb
Pacassa	14	4	8.3	64%	3240
Bufalo	6	1	2.8	43%	3610
Palanca	3	0	1.4	84%	1805
Impala	0	0	0.0	NA	NA
Impala SE	6	0	1.2	91%	3140
Cobo	4	0	2.5	67%	1760
Pambi	3	0	1.0	69%	3830
Oombo	2	0	2.1	85%	2050
Block 3/05	38	5	19.3	75%	2970

## 4.2. Pacassa

Pacassa was discovered in 1982 with first oil in 1986 and peak oil production of ~76 Mbb/d in October 1998. It is located 1.3 km west of the Bufalo field in approximately 80 m water depth. It is the largest field in Block 3/05 by STOIP for the developed area of 1103 MMstb<sup>8</sup> reported by Sonangol P&P. Figure 4.1 shows a top structure depth map of the field.

Its reservoir comprises dolomitic sandstones and dolomites of the Bufalo and Pacassa members of the Pinda formation in a NW-SE elongated raft structure along strike from the Bufalo raft block.

The Pacassa field is developed using the Pacassa production platform PAC-F1 which processes oil from the Pacassa and Bufalo fields. PAC-F1 is a sixteen-slot drilling / production platform. Production from the PAC-F2, PAC-F3, and PAC-F4 satellite wellhead platforms is routed to PAC-F1 where it is then processed and exported to the Palanca PAL-P2 platform.

<sup>8</sup> Pacassa STOIP including the Pacassa SW, Graben Block, and North East segments is 1171 MMstb.

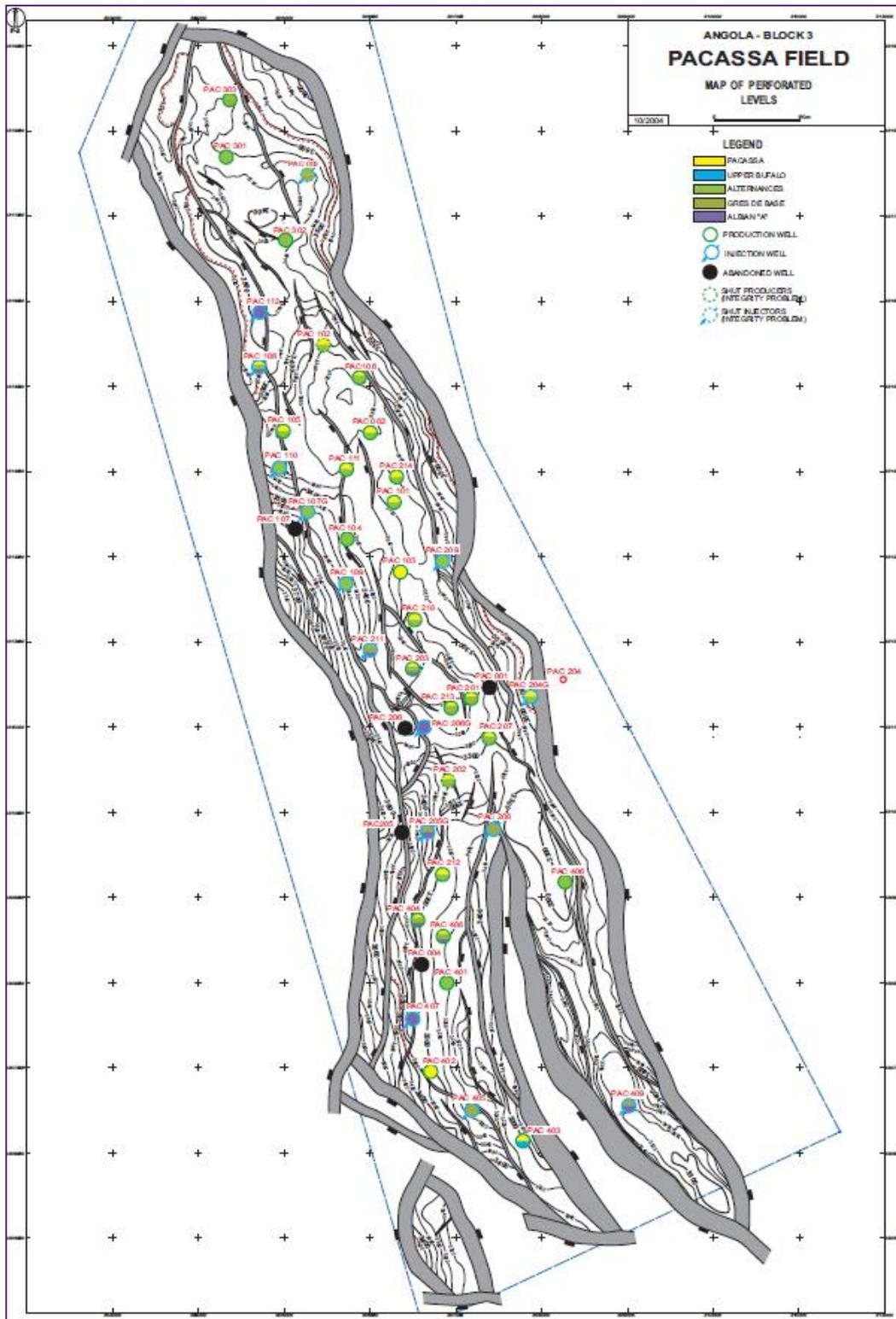


Figure 4.1: Pacassa Top Structure Depth Map (Source: Sonangol P&P)

Water injection into Pacassa peaked at ~130 Mbb/d in August 2004. It then effectively ceased in December 2016 before being re-instated in July 2020. Since reinstatement injection rates have been variable due to system recommissioning with an average of 17.3 Mbb/d for the

period July 2020 to January 2022 when injection ceased for reinstatement works. Figure 4.2 presents a production history plot for the field.

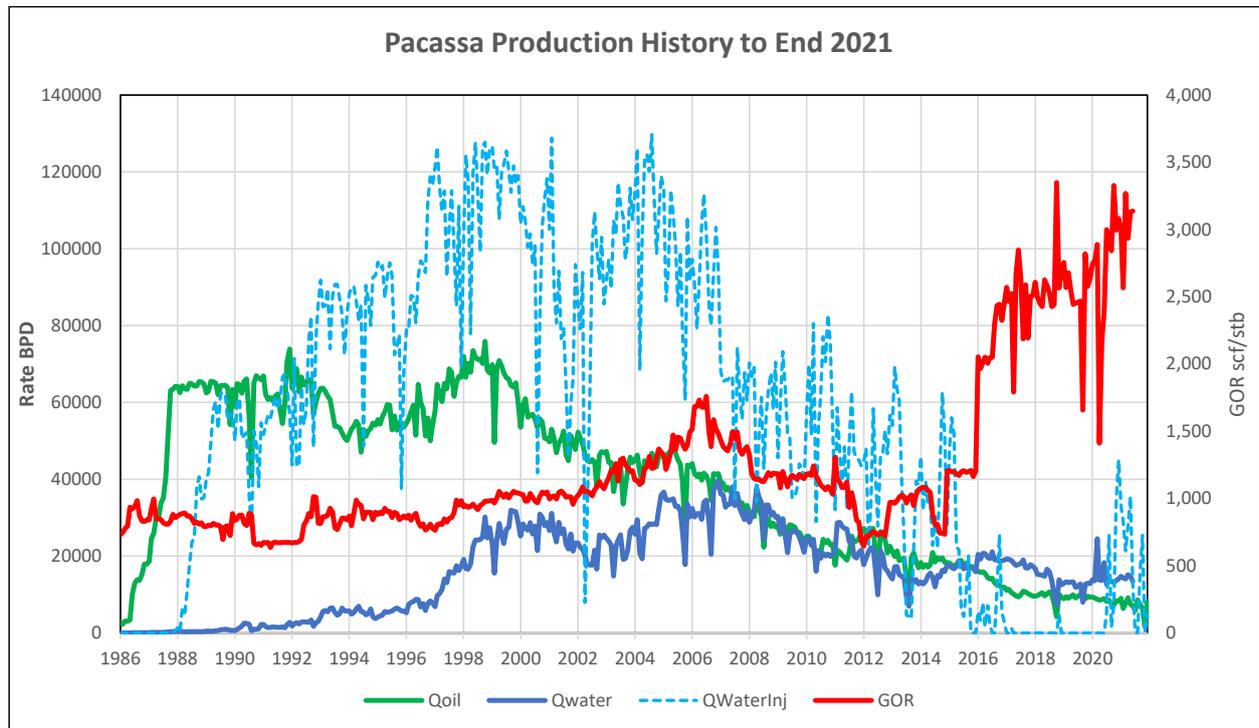


Figure 4.2: Pacassa Production History to End 2021

### 4.3. Buffalo

Buffalo was discovered in 1982 with first oil in 1988 and peak production of ~24 Mbbl/d in December 1989 (Figure 4.4). It is located 1.3 km east of the Pacassa field in approximately 80 m water depth. It is the fourth largest field in Block 3/05 by STOIP with an estimated in place volume of 358 MMstb reported by Sonangol P&P.

Its reservoir comprises dolomitic sandstones and dolomites of the Buffalo and Pacassa members of the Pinda formation in a NW-SE elongated raft structure along strike from the Buffalo raft block (Figure 4.3).

The Buffalo field is developed with the six slot BUF-F1 production platform. The platform contains minimal preliminary separation facilities and excess gas is flared. Water injection for the field is provided from the PAL-P2 platform via PAC-F1 and COB-P1. Production from BUF-F1 is routed to the PAC-F1 platform on the Pacassa field via a 3.9 km, 10-inch pipeline.

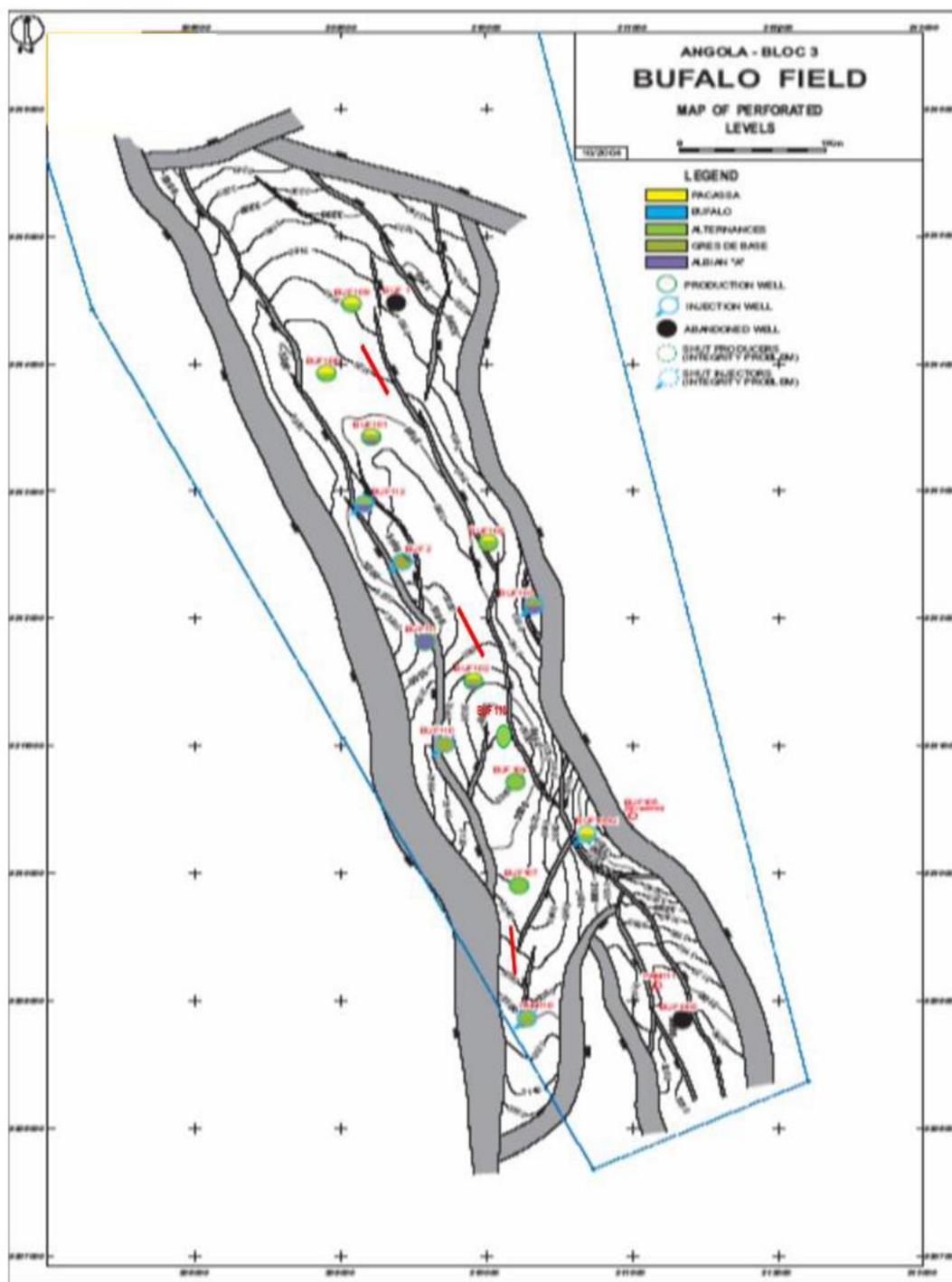


Figure 4.3: Buffalo Top Structure Depth Map (Source: Sonangol P&P)

Water injection into Buffalo peaked at ~36 Mbb/d in June 2006. It then effectively ceased in March 2017 before being re-instated in July 2020. Since reinstatement injection rates have been variable due to system recommissioning with an average of ~ 3.6 Mbb/d for the period July 2020 to January 2022 when injection ceased for reinstatement works.

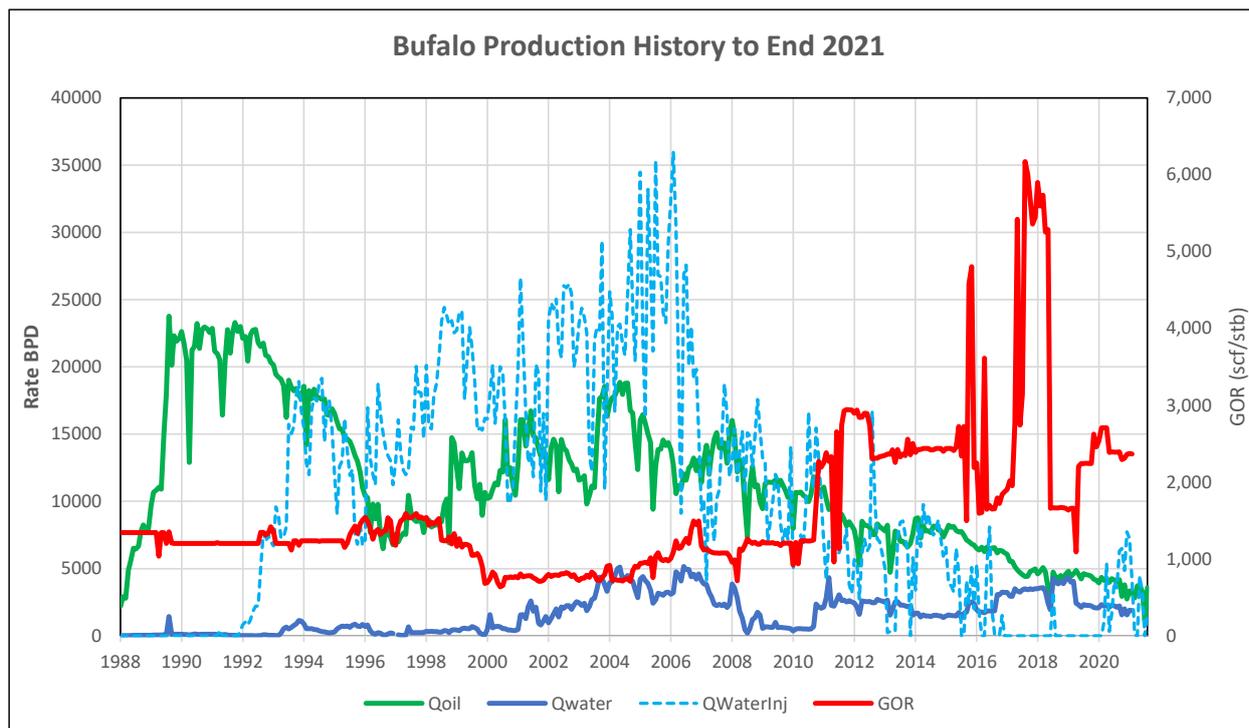


Figure 4.4: Bufalo Production History to End 2021

#### 4.4. Palanca

Palanca was discovered in 1981 with first oil in 1985 and peak production of ~53 Mbbl/d in January 1988 (Figure 4.5). It is located 6 km northeast of the Bufalo field in approximately 60 m water depth and is the second largest field in Block 3/05 by STOIMP with an in-place volume of 587 MMstb reported by Sonangol P&P.

Its reservoir comprises dolomitic sandstones and dolomites of the Bufalo and Pacassa members of the Pinda formation in a N-S elongated raft structure along the same structural trend as the Impala field.

The Palanca field is developed using Pal-P1 and PAL-P2 processing platforms which receive production streams from the Pal-F1 and Pal-F2 wellhead platforms. In addition, PAL-P1 and P2 source seawater which is filtered and distributed to the northern sector platforms (Pacassa, Impala SE, Bufalo and Palanca) and their injection wells.

Water injection into Palanca peaked at ~96 Mbbl/d in September 1991. It then effectively ceased in January 2018. Successful water injection trials were held in September and October 2021 with full reinstatement planned from July 2022.

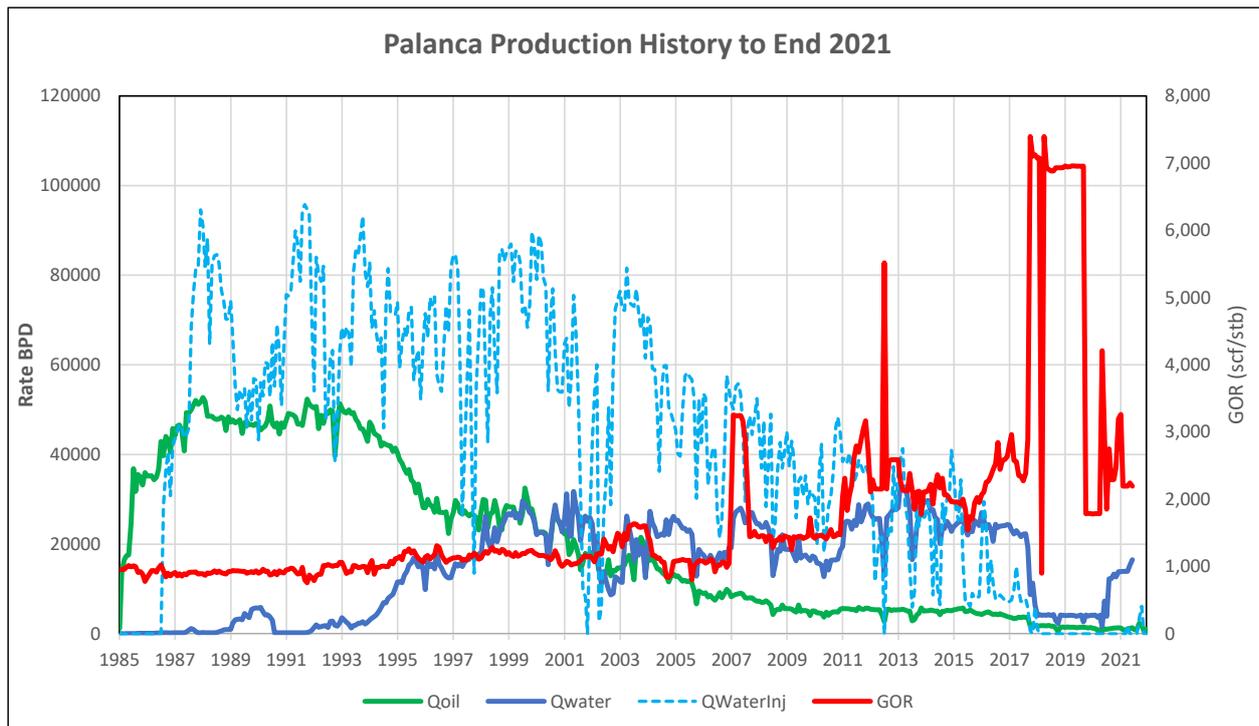


Figure 4.5: Palanca Production History to End 2021

#### 4.5. Impala

Impala was discovered in 1982 with first oil in 1992 and peak production of ~4.4 Mbbl/d in January 1999 (Figure 4.6). It is located 3 km south of the Palanca field in approximately 60 m water depth. Impala is the smallest field in Block 3/05 by STOIP with an in-place volume of 60 MMstb reported by Sonangol P&P.

Its reservoir comprises dolomitic sandstones and dolomites of the Bufalo and Pacassa members of the Pinda formation in a N-S trending raft along the same structural trend as the Palanca field.

The Impala field is developed via a single production well from the IMP-F1 14 well standalone wellhead platform. Production from IMP-F1 is routed to the Pal-P1 processing platform.

No water injection has been applied to the field. Impala has been shut-in since March 2018 but the single Well IMP-001R is forecast to be restarted in August 2022.

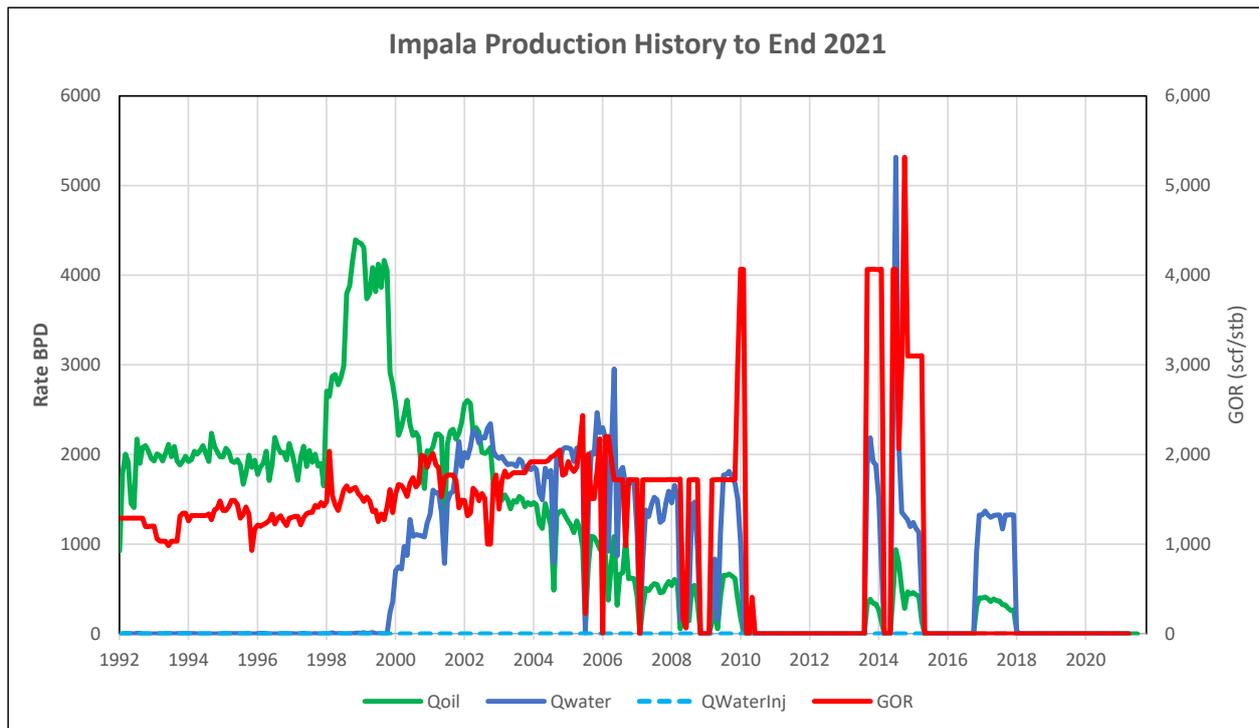


Figure 4.6: Impala Production History to End 2021

#### 4.6. Impala South East

Impala South East was discovered in 1985 with first oil in 1988 and peak production of ~29 Mbb/d in September 1990 (Figure 4.7). It is located 4 km south east of the Impala field in approximately 60 m water depth. It is the fifth biggest field in block 3/05 by STOIP with an in-place volume of 320 MMstb reported by Sonangol P&P.

Its reservoir comprises dolomitic sandstones and dolomites of the Bufalo and Pacassa members of the Pinda formation in a NW-SE trending raft along the same trend as the Palanca and Impala fields.

The Impala South East field is developed via a single wellhead platform IPS-F1 with 14 wellheads with production routed to PAL-P2 for processing.

Water injection into Impala South East peaked at ~37 Mbb/d in December 1996. It then effectively ceased in June 2019.

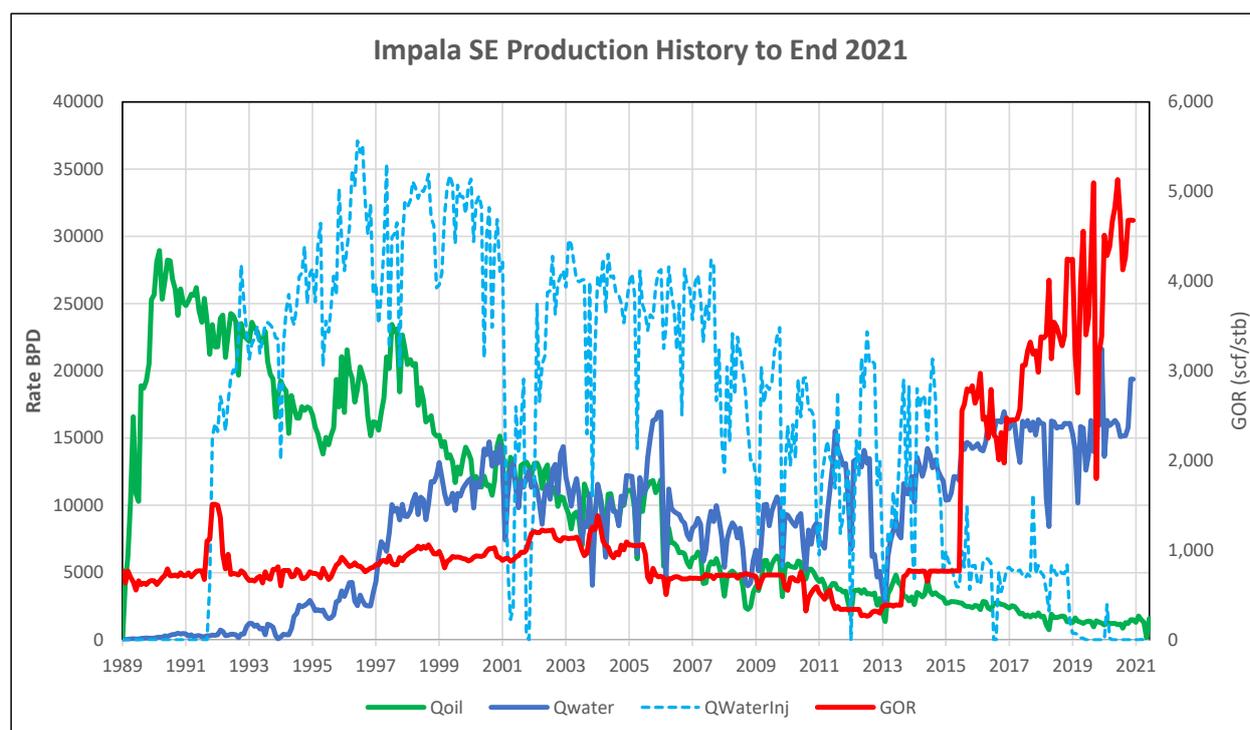


Figure 4.7: Impala SE Production History to End 2021

#### 4.7. Cobo

Cobo was discovered in 1990 with first oil in 1993 and peak production of ~47 Mbbl/d in August 1996 (Figure 4.8). It is located 6 km SSE of the Bufalo field in approximately 90 m water depth. Cobo is the third largest field in Block 3/05 in terms of STOIP with an in-place volume of 396 MMstb reported by Sonangol P&P.

Its reservoir comprises mixed clastic and carbonate reservoirs of the Pinda formation. The structure is a NW-SE elongated raft block along the same structural trend as the Bufalo field.

Cobo development started in 1991 using the COB-F1 drilling platform. The field includes a central platform complex, COB-P1, which also handles production from the Pambi field wellhead platform PAM-F1 and the two Oombo field wells located to the south together with a final treatment of oil from PAC-F1. Production is exported to the Palanca terminal via a 25 km pipeline. Separated gas is mainly sent to gas lift compression and excess gas is flared at the COB-T1 flare platform.

Water injection into Cobo peaked at ~ 80 Mbbl/d in July 2001. It then became intermittent from May 2015 and effectively ceased completely in November 2016<sup>9</sup>.

<sup>9</sup> Further injection is recorded in November 2018 for one month, and from April to June 2019 for three months.

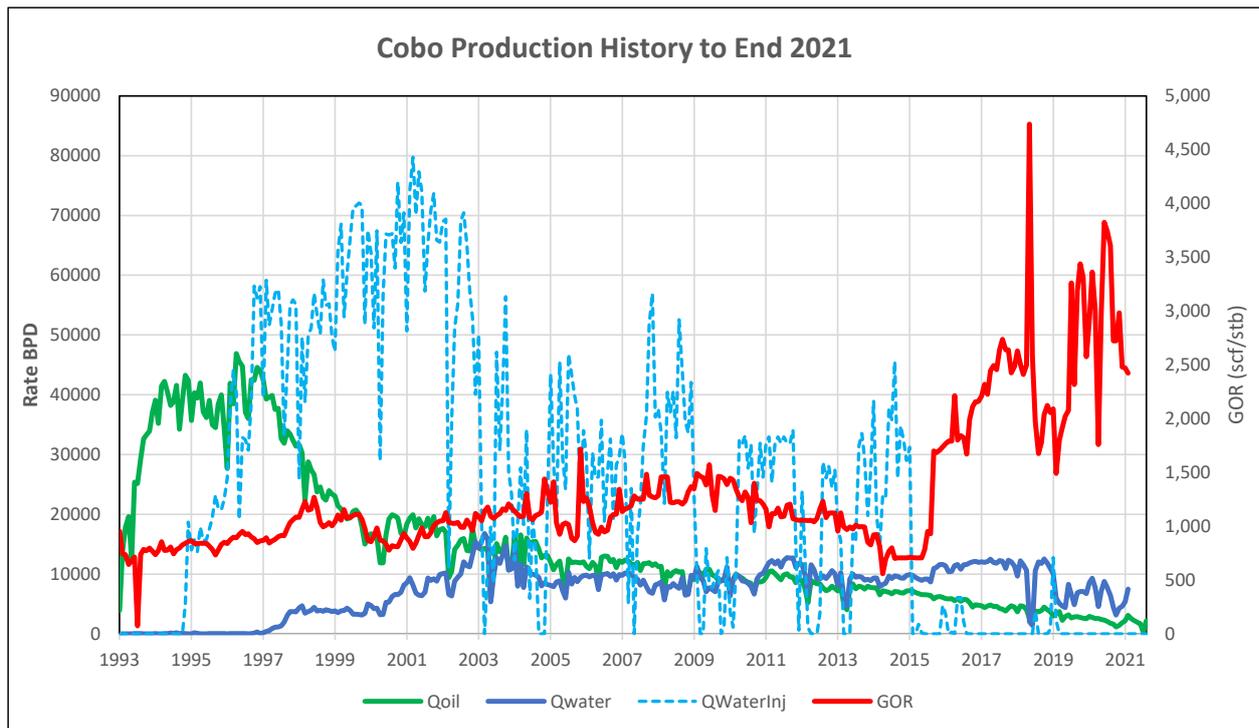


Figure 4.8: Cobo Production History to End 2021

#### 4.8. Pambi

Pambi was discovered in 1990 with first oil in 1995 and peak production of ~29 Mbbl/d in October 1997 (Figure 4.9). It is located 3.5 km SSE of the Bufalo field in approximately 85 m water depth. It is the sixth largest Block 3/05 field in terms of STOIP with an in-place volume of 170 MMstb reported by Sonangol P&P.

Its reservoir comprises mixed clastic and carbonate reservoirs of the Pinda formation. The structure is a NW-SE elongated raft block along the same structural trend as the Bufalo field.

Pambi is developed by means of the twelve-slot wellhead platform PAM-F1 where Pambi oil is gathered and routed for processing to the Cobo central platform complex COB-P1.

Water injection into Pambi peaked at ~40 Mbbl/d in June 1997 and then effectively ceased in December 2016.

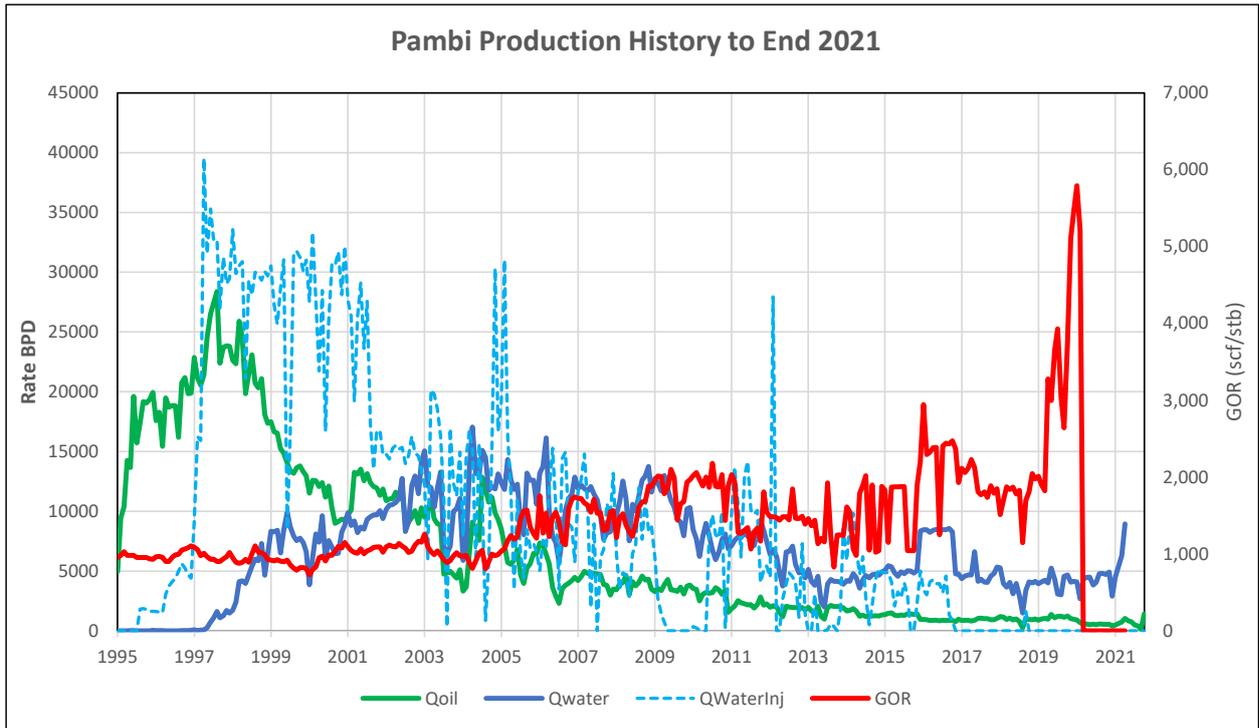


Figure 4.9: Pambi Production History to End 2021

#### 4.9. Oombo

Oombo was discovered in 1992 with first oil in 1997 and peak production of ~22 Mbb/d in May 2001 (Figure 4.10). It is located in the south east of Block 3/05 some 3.5 km south of the Cobo field in approximately 100 m water depth. Oombo is the seventh largest Block 3/05 field by STOIP with an in-place volume of 163 MMstb reported by Sonangol P&P. Cumulative production to the end of March 2022 was ~69 MMstb giving a RF of 42%.

Its reservoir comprises mixed clastic and carbonate reservoirs of the Pinda formation in a NW-SE trending raft structure along the same structural trend as the Impala and Palanca fields.

Oombo is developed by means of subsea wells tied back to the Cobo central platform complex COB-P1.

Water injection into Oombo peaked at ~41 Mbb/d in September 2012 and then gradually declined until ceasing in March 2017.

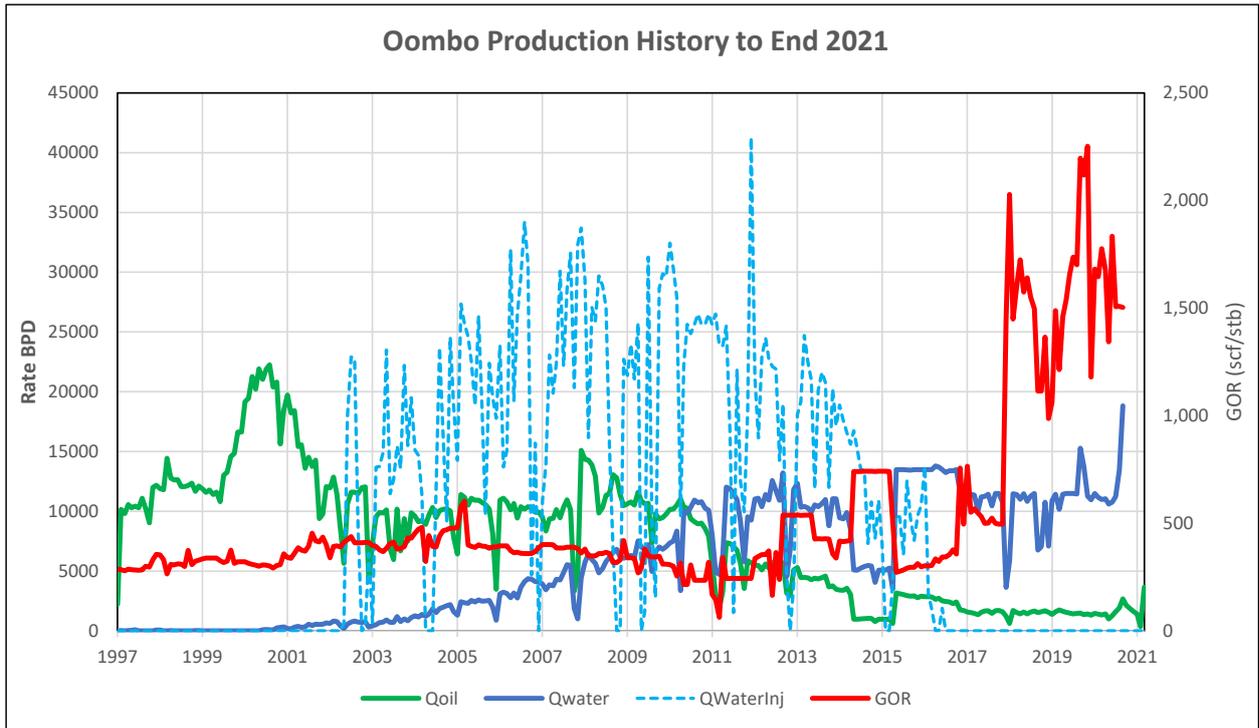


Figure 4.10: Oombo Production History to End 2021

## 5. Reserves, Production and Cost Profiles

### 5.1. Overview of Projects

Reserves within Block 3/05 have been assigned to the following currently underway or approved projects:

- Producing fields, No Further Activity (“NFA”)
- Water injection restoration
- Palanca F2 platform restart and associated workovers to reinstate production
- Impala well IMP-001R restart
- A workover of Well Cobo-001R

NFA forecasts have been derived for each Block 3/05 producing field. The NFA forecast for Palanca includes one producer from the Palanca F2 platform that was restored to production in September 2021. NFA Reserves have been assigned the operational status of Developed Producing.

The restoration of water injection in all of the Block 3/05 fields with the exception of Impala which does not have an injection well is scheduled to recommence from July 2022 with a gradual ramp up in Block wide injection to ~160 Mbb/d by year end. Reserves associated with water injection restoration have been assigned the operational status of Undeveloped.

The Palanca F2 (PAL-F2) platform is a standalone wellhead platform which gathers and routes fluids to the PAL-P1 processing platform. It has 13 wellheads (10 producers and 3 injectors) and a test separator. PAL-F2 was shut-in late 2017 due to damage arising from a fire. Platform restoration activities are complete which allowed the platform to be recommissioned in Q4 2021. Well PAL-207N was brought back on production in September 2021 (and more recently PAL-205 post the Effective Date of this report). ERCE’s Palanca NFA forecast includes Well PAL-207N. Reserves for the remaining four producers, Well PAL-205 plus three that are still to be reinstated through workovers, have been assigned the operational status of Undeveloped.

Impala is developed by a single production well (Well IMP-001-R) and no water injection wells. Well IMP-001-R has been shut-in since March 2018, but activities are planned to remediate the well and restart production in late 2022. Reserves have been assigned the operational status of Undeveloped.

The Operator has planned workover activity in two Cobo wells, Cobo-110G and Cobo-001R. The workover of Well Cobo-110G was completed after the Effective Date and was unsuccessful. Well Cobo-001R involves replacement of the current tubing to 3 ½” tubing and optimisation of the gas lift mandrel locations. Reserves for the workover of Well Cobo-001R have been assigned the operational status of Undeveloped.

## 5.2. Reserves Estimation and Production Forecasts

### 5.2.1. Developed Producing: No Further Activity (NFA)

#### Methodology

Estimates of NFA production forecasts and technically recoverable resources (“TRR”)<sup>10</sup> for the Developed Producing fields were derived using a combination of DCA and water-cut trend analysis. These estimates were then reconciled with the Operator’s estimates of STOIIP. ERCE’s estimate of TRR for Developed Producing does not include the benefits of water injection.

Water injection has been reinstated into the Pacassa and Bufalo fields since July 2020, however it has been intermittent due to reinstatement works with no observable uplift in performance in either field and injection into both ceased in January 2022 for field wide reinstatement works.

The NFA production forecasts were aggregated deterministically to give the block level production forecasts and Reserves.

Figure 5.1 below shows the consolidated gross best case oil NFA production forecasts for all the Block 3/05 producing fields. Also shown are the NFA Low, -Best, and -High estimates of cumulative oil recovery versus time.

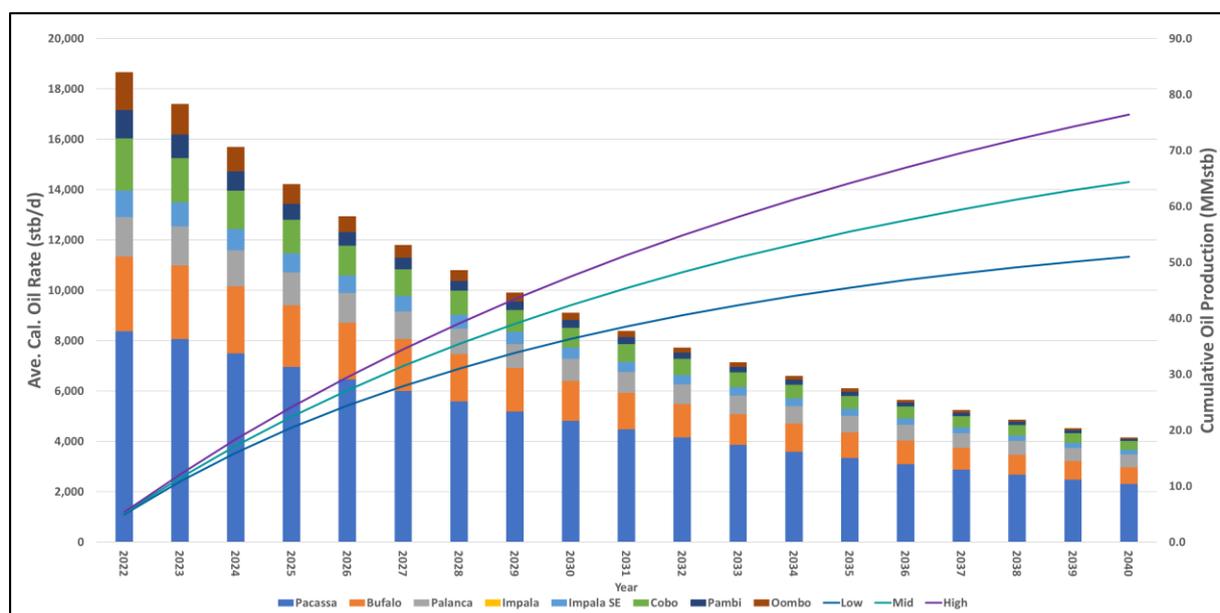


Figure 5.1: Block 3/05 Best Case NFA Production Forecast

The gross Developed Producing TRR estimates by field are presented in Table 5.1.

<sup>10</sup> Technically recoverable resources, TRR, are those quantities of oil estimated without economic cut offs being applied

Table 5.1: NFA Gross TRR Estimate and Recovery Factors by Field to End 2040

Field	STOIIP	Cum. Prod. at 31 Mar 2022	RF at 31 March 2022	NFA Gross TRR Estimate (MMbbl)			TRR best est. RF
	MMstb	MMbbl		Low	Best	High	
Pacassa	1103	506	46%	27.8	32.8	36.9	49%
Bufalo	358	140	39%	9.3	10.9	12.4	42%
Palanca	587	275	47%	4.7	6.2	7.7	48%
Impala	60	12	19%	0.0	0.0	0.0	19%
Impala SE	320	121	38%	2.0	3.3	4.3	39%
Cobo	396	169	43%	3.9	5.9	7.8	44%
Pambi	170	52	31%	1.6	2.5	3.5	32%
Oombo	163	69	42%	1.8	2.8	3.9	44%
<b>Block 3/05</b>	<b>3157</b>	<b>1344</b>	<b>43%</b>	<b>51.0</b>	<b>64.4</b>	<b>76.4</b>	<b>45%</b>

## Notes

1. Cumulative field oil production ("Cum Prod") is based on actuals to end March 2022.
2. TRRs are estimated assuming an effective date of 31 March 2022 and licence expiry of 31 December 2040.
3. TRRs are reported as Low, Best, High since they are prior to economic cut off.
4. The Pacassa STOIIP used for estimation of the recovery factor ("RF") is from the 2021 modelling study and excludes volumes associated with the Pacassa SW prospect.
5. The Oombo STOIIP used for RF estimation is from the 2021 modelling study.

## 5.2.2. Undeveloped: Water Injection Restoration

### Methodology

The limited water injection that has occurred into the fields in the past seven years means that current field and well performance trends cannot be used to forecast the benefits of water injection. There is a lack of recent reservoir pressure measurements and a sparsity of current reservoir simulation models with which to estimate future oil production. As a result, there is considerable uncertainty as to the current level of depletion of each field below the bubble point pressure and hence the timing and quantities of increased oil production that is expected to occur once water injection re-commences and the reservoirs are re-pressurised.

The Operator provided a schedule of the planned water injection ramp up for each field as shown in Figure 5.2 below. Water injection restoration is planned in all the Block 3/05 fields apart from Impala where there is not an injection well.

Monthly RampUp by Field																			
		JULY 2022			AUGUST 2022			SEPTEMBER 2022			OCTOBER 2022			NOVEMBER 2022			DECEMBER 2022		
		Water Injection Recommendation			Water Injection Recommendation			Water Injection Recommendation			Water Injection Recommendation			Water Injection Recommendation			Water Injection Recommendation		
FIELDS	Rec Jul22		Rec Jul22	Rec Jul22	Rec Aug22		Rec Aug22	Rec Sept22		Rec Sept22	Rec Oct22		Rec Oct22	Rec Nov22		Rec Nov22	Rec Dec22		Rec Dec22
	m3/d	bwpd	VRR		m3/d	bwpd		VRR	m3/d		bwpd	VRR		m3/d	bwpd		VRR	m3/d	
PACASSA SUB-TOTAL	4 325	27 204	0.98	4 757	29 921	1.08	5 249	33 016	1.14	5 812	36 557	1.20	6 459	40 628	1.25	7 206	45 328	1.29	
BUFALO SUB-TOTAL	900	5 661	0.82	990	6 227	0.90	1 214	7 636	1.08	1 385	8 714	1.14	1 599	10 057	1.26	1 871	11 771	1.40	
PALANCA SUB-TOTAL	2 200	13 838	0.85	2 460	15 473	0.95	3 154	19 839	1.10	3 687	23 191	1.17	4 365	27 455	1.26	5 244	32 986	1.38	
IMPALA SE SUB-TOTAL	2 250	14 153	0.87	2 425	15 253	0.93	2 626	16 514	1.01	2 856	17 962	1.05	3 120	19 627	1.09	3 425	21 545	1.14	
COBO SUB-TOTAL	1 500	9 435	1.08	1 800	11 322	1.08	2 160	13 586	1.16	2 592	16 304	1.24	3 110	19 564	1.32	3 732	23 477	1.41	
PAMBI SUB-TOTAL	600	3 774	0.95	690	4 340	0.84	795	5 001	0.99	918	5 772	1.09	1 061	6 676	1.05	1 230	7 734	1.10	
OMBO SUB-TOTAL	1 300	8 177	0.88	1 510	9 498	0.76	1 757	11 052	0.84	2 108	13 262	0.94	2 319	14 588	1.00	2 703	17 003	1.11	
BLOCK 3/05 TOTAL	13 075	82 242	0.97	14 632	92 034	0.97	16 954	106 643	1.06	19 358	121 762	1.13	22 034	138 595	1.21	25 413	159 846	1.28	

Figure 5.2: Block 3/05 Planned Water Injection Ramp Up by Field (Source: Sonangol P&P)

ERCE has adapted the Operator planned water injection schedule as follows:

- Water injection system availability post ramp up has been assumed as 75, 85 and 95% for Low, Best and High forecasts to reflect a range of water injection system downtime.
- The ramp up schedule has been assumed as shown in the Best and High cases but has been extended to 12 months in the Low case.

ERCE has then used the resulting injection schedules for each field to derive their cumulative water injection as a percentage of the field’s STOIIP. The incremental oil production for each field as a fraction of its STOIIP has then been derived by reference to the curve of the cumulative water injection as a percentage of STOIIP vs the cumulative incremental oil volume (from water injection) as a percentage of STOIIP derived from the Cobo-Pambi modelling results. For the Impala SE and Oombo fields a further scaling was included to adjust for the high water cut in these fields relative to Cobo-Pambi.

### Uncertainty

The range of uncertainty associated with the estimated recoverable quantities of oil and the rate of future oil production from the restoration of water injection in each field is wide. Although water injection should result in a positive benefit, the overall quantum and the quantum in any field is subject to considerable uncertainty.

Due to their lack of recent injection the Block 3/05 fields are almost certainly below their bubble point pressures as evidenced by their recent increases in GOR. There are only sparse recent pressure data available to corroborate. A key forecasting uncertainty is the degree to which free gas may be present in particular fields or regions of particular fields and how such free gas will impact the response of fields to water injection while re-pressurisation occurs, both in terms of quantum of oil production and its incremental recovery rate.

Other uncertainties include:

- the lack of recently calibrated forecast models,

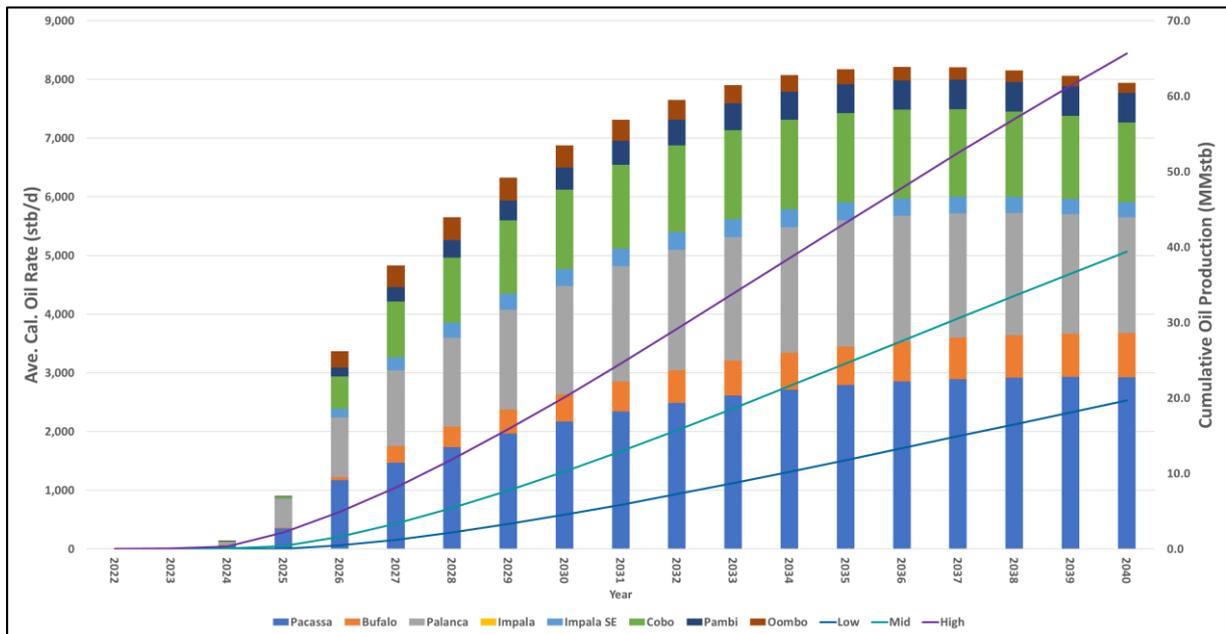
- how predictive the modelled Cobo-Pambi water injection response will be in the different Block 3/05 fields and also in the different regions of the Block 3/05 fields,
- whether the water injection response in particular fields or field areas will be dominated by local heterogeneities rather than field level behaviours,
- how important the well production-injection patterns are in determining recovery,
- and the potential impact of well and water injection system availability, noting that both Pacassa and Bufalo have already seen injection at rates the same or similar to their future planned rates.

Upsides include the expectation that over time as new reservoir monitoring data are acquired the behaviours of the fields and field areas to water injection will become progressively better understood. New predictive models, in conjunction with the significant existing well stock in each field, should then allow scope for water flood recovery optimisation.

These uncertainties have been reflected in the Low and High case forecasts.

**Results**

Figure 5.3 shows the consolidated Best case water injection incremental production forecasts along with the Low, Best and High forecasts of cumulative oil recovery.



**Figure 5.3: ERCE Best Case Water Injection Incremental Production Forecast**

The gross Undeveloped TRR estimates from water injection are presented in Table 5.2.

**Table 5.2: Water Injection Gross TRR Estimates by Field to End 2040**

Field	WI Restoration Gross TRR (MMbbl)		
	Low	Best	High
Pacassa	6.6	13.3	22.6
Bufalo	1.4	3.0	5.2
Palanca	5.3	10.5	17.1
Impala	0.0	0.0	0.0
Impala SE	0.8	1.5	2.4
Cobo	3.7	7.3	12.0
Pambi	1.1	2.3	3.8
Oombo	0.8	1.6	2.5
<b>Block 3/05</b>	<b>19.7</b>	<b>39.4</b>	<b>65.7</b>

#### Notes

1. TRRs are estimated assuming an effective date of 31 March 2022 and licence expiry of 31 December 2040.
2. TRRs are reported as Low, Best, High since they are prior to economic cut off.

### 5.2.3. Undeveloped: Palanca F2 Platform Restart

PAL-F2 was shut-in late 2017 due to damage arising from a fire. Platform restoration activities are complete which allowed the platform to be recommissioned in Q4 2021. Well PAL-207N was brought back on production in September 2021 (included in the NFA TRR). Sonangol P&P informed us that Well PAL-205N has also been brought back on production post March 2022. We have assumed that this well was brought on in June 2022. Workovers for three additional wells are forecast to be carried out in H2 2023 (PAL-109N, PAL-201N and PAL-209N).

Based on the performance of the producing wells as well as the recently restarted Well PAL-207N, we have generated type curves (Low, Best, and High) to estimate the production from the workovers of the four wells (one in 2022 and three in 2023).

The gross Undeveloped TRR estimates for the Palanca F2 platform restart and well re-starts post workovers in aggregate are presented in Table 5.3.

**Table 5.3: PAL F2 Platform Restart Gross TRR Estimate to End 2040**

Project	Gross TRR Estimate (MMbbl)		
	Low	Best	High
Palanca F2	5.2	7.7	9.6

## Notes

1. TRRs are estimated assuming an effective date of 31 March 2022 and licence expiry of 31 December 2040.
2. TRRs are reported as Low, Best, High since they are prior to economic cut off.

**5.2.4. Undeveloped: Well Cobo-001R Workover**

The workover of Well Cobo-001R involves replacement of the current tubing to 3 ½" tubing and optimisation of the gas lift mandrel locations. Well Cobo-001R has been shut-in since May 2019. The well is expected to be onstream in February 2023.

Recoverable volumes attributed to the workover by production analysis have been estimated from analysis of the well's historical production performance and water-cut trends and the impact of interference from Well Cobo-114G.

Estimates of recoverable volumes associated with both workovers to end 2040 are summarised in Table 5.4.

**Table 5.4: Well Cobo-001R Workover Gross TRR Estimates to End 2040**

Well	Gross TRR (MMstb)		
	Low	Best	High
Cobo-001R	1.3	2.9	5.3

## Notes

1. TRR are estimated assuming an effective date of 31 March 2022 and licence expiry of 31 December 2040.
2. TRR are reported as Low, Best, High since they are prior to economic cut off.

**5.2.5. Undeveloped: Well Impala IMP-001R Restart**

Well IMP-001R has been shut-in since March 2018 but activities are planned to remediate the well and restart production in Aug 2022. The historical performance of the well has been analysed to generate Low, Best and High production forecasts for the restart.

The gross Undeveloped TRR estimates for the Impala IMP-001R restart are presented in Table 5.5.

Table 5.5: Well IMP-001R Restart TRR Estimate to End 2040

Well	Gross TRR Estimate (MMstb)		
	Low	Best	High
IMP-001R	0.4	0.9	1.2

## Notes

1. TRR are estimated assuming an effective date of 31 March 2022 and licence expiry of 31 December 2040.
2. TRR are reported as Low, Best, High since they are prior to economic cut off.

### 5.2.6. Reserves Summary

A summary of Block 3/05 gross oil Reserves at the 1P, 2P, and 3P confidence levels after economic modelling and application of ELTs as described in Section 7 is presented in Table 5.6.

Table 5.6 : Block 3/05 Oil Reserves as of 31 March 2022

Operational Status/ Project	Gross (MMstb)			Afentra Working Interest (MMstb)			Afentra Net Entitlement (MMstb)			Operator
	1P	2P	3P	1P	2P	3P	1P	2P	3P	
Developed Producing										
NFA	33.8	64.4	76.4	8.1	15.5	18.3	6.1	10.5	11.0	Sonangol P&P
Undeveloped										
Water Injection Restoration	36.9	39.4	65.7	8.9	9.5	15.8	6.7	5.1	7.3	Sonangol P&P
Palanca F2 Platform Restart	5.2	7.7	9.6	1.2	1.9	2.3	0.9	1.1	1.2	Sonangol P&P
Cobo Pinda Workovers	1.3	2.9	5.2	0.3	0.7	1.3	0.2	0.4	0.7	Sonangol P&P
Impala IMP-001R Restart	0.4	0.9	1.2	0.1	0.2	0.3	0.1	0.1	0.1	Sonangol P&P
Total Undeveloped	43.8	50.9	81.8	10.5	12.2	19.6	7.9	6.7	9.3	Sonangol P&P
<b>Total All Reserves Classes</b>	<b>77.6</b>	<b>115.2</b>	<b>158.2</b>	<b>18.6</b>	<b>27.7</b>	<b>38.0</b>	<b>14.1</b>	<b>17.2</b>	<b>20.2</b>	Sonangol P&P

## Notes

1. The Effective Date is 31 March 2022.
2. Reserves assume licence extension from 30 June 2025 to 31 December 2040 and that the current fiscal terms apply during the extension period.
3. The water injection restoration project, when aggregated with the NFA forecast, extends the 1P field life from 2029 to the end of the assumed extended licence period in 2040. The 1P Reserves for the water

injection restoration project of 36.9 MMstb therefore comprise 19.7 MMstb from water injection and 17.2 MMstb from an extension of the NFA forecast.

4. Reserves for the other Undeveloped projects have been determined from economic cut offs that have been run on an incremental basis to the NFA plus water injection scenario.
5. Totals are added arithmetically which means statistically there is a greater than 90% chance of exceeding the Total 1P and less than a 10% chance of exceeding the Total 3P.
6. Afentra Working Interest Reserves comprise the gross Reserves multiplied by Afentra's 24.00% Working Interest in Block 3/05 after completion of the Transactions.
7. Afentra Net Entitlement Reserves are that portion of the future production (and thus Reserves) accruing to Afentra, based on its share of total cost and profit revenues calculated under the terms of the licence agreement.
8. This table shows Reserves associated with both the Sonangol P&P and INA transactions. Reserves associated with each of the transactions individually may be found in Appendices 3 and 4.

### 5.3. Development Plans and Cost Estimates

ERCE has prepared cost forecasts to support the production profiles for the planned projects, based on data and information provided by Afentra, including:

- Operator's long term cost forecasts (5 years' look ahead from 2022 to 2027);
- Near term Operator budgets;
- Historical actual costs;
- Partner committee meetings including OCM's, TCM's, FCM's and CCMs<sup>11</sup>;
- Approval for expenditure estimates for the two Cobo Pinda workovers<sup>12</sup>.

Costs have been broken down into the following categories: CAPEX; OPEX and ABEX<sup>13</sup>.

Capital costs include drilling and facilities costs, along with general capital costs, which the Operator refers to as common costs within budgeted documentation. Common capital costs include, but are not limited to, activities such as power regeneration, personnel costs, subsea repair, integrity management and produced water treatment.

Operating costs include field specific costs, along with general operating costs, referred to by the Operator as common costs within budgeted documentation. Common operating costs include, but are not limited to, logistics and transportation, accommodation, maintenance and inspection activities.

Abandonment plans have been provided by the Operator, which include rig-less well abandonment, jacket/ topside removal, pipeline and flowline abandonment, mooring system abandonment and Palanca terminal and export buoy removal.

---

<sup>11</sup> Operating Committee Meetings ("OCM"), Technical Committee Meetings ("TCM"), Contractor Committee Meetings ("CCM") & Finance Committee Meetings ("FCM").

<sup>12</sup> Costs have been included for the unsuccessful workover of Well Cobo-110G which was carried out after the Effective Date; no Reserves are included for this project.

<sup>13</sup> Capital expenditure ("CAPEX"), Operating expenditure ("OPEX") and Abandonment expenditure ("ABEX").

### 5.3.1. Developed Producing: No Further Activity (NFA)

There are no drilling related activities carried within the NFA profiles. A cost of \$120 MM has been included in 2030 for dry-docking of the Palanca FSO, in order to carry out activities relating to the maintenance and upgrades of the FSO. This estimate is based on a previous dry-docking process carried out in 2012 at the Sembaweng shipyard. ERCE considers the costs presented by Afentra to be reasonable.

Further capital costs carried within the NFA profiles relate to the common costs presented within the Operator's budgets. The common capital costs presented within budgeted documentation has been reviewed and benchmarked against West African Offshore developments. The common capital costs for Block 3/05 presented in the Operator's recent five year lookahead forecast are reasonable. These costs are carried within the profiles on a pro rata production basis between Developed and Undeveloped projects.

The operating costs carried by the Operator within budgeted documentation have been reviewed and benchmarked against ERCE's internal database. The operating costs presented by the Operator are reasonable. A 3% decline, per annum to operating costs from 2025 onwards has been applied to account for reducing OPEX as the fields mature. Operating costs have been carried on a pro rata of production basis within the profiles, between Developed and Undeveloped projects.

Documentation provided relating to the abandonment plans of Block 3/05 has been reviewed. The Operator's abandonment plans include costs for well abandonment and facilities decommissioning. ERCE has carried out benchmarking exercises for the wells and facilities abandonment expenditure and has estimated a total abandonment expenditure of \$728 MM in 2022 monies, which includes costs for well abandonment, topsides and jackets removal and pipeline decommissioning. The actual date of abandonment will be determined by operating and commercial considerations at the time.

### 5.3.2. Undeveloped Projects

As per the methodology in the NFA case, operating costs and common capital costs have been carried on a pro rata of production basis for all Undeveloped projects.

Two heavy workovers are forecasted to be carried within the Cobo field at a cost of approximately \$8 MM per workover. The first Cobo workover in Well Cobo-110G was completed unsuccessfully after the Effective Date. The second well, Well Cobo-001R, is planned to come online in 2023. The CAPEX estimates for these workovers presented by the Operator are reasonable.

The reinstatement of Well IMP-001R requires a light well intervention to bring the well back online. There are no capital costs associated with this workstream; costs have been included within operating costs.

The Pal F2 platform restoration work has been completed and the platform brought back online in October 2021. The majority of the capital costs going forward relate to the three heavy workovers planned in 2023 to bring wells back online, at a cost of approximately \$8 MM per workover. Costs for the re-instatement of Well Pal-205N in 2022 have also been captured within the profiles. The CAPEX estimates presented by the Operator are reasonable.

The water injection reinstatement project assumes a total of four pumps will be used, two pumps with an injection capacity of 60 Mbbl/d and two pumps with an injection capacity of 20 Mbbl/d. Pump replacement costs are included within the profiles to account for pump replacement and repair activities. ERCE carries an assumption of two pumps requiring interventions per annum, at a cost of \$500,000 per repair. This amounts to an additional cost of \$1 MM per annum, which has been accounted for within the operating costs.

#### 5.4. Summary Cost and Production Profiles

Summary tables showing the Block 3/05 gross Developed and Undeveloped production and cost profiles at 1P, 2P, and 3P levels of uncertainty are shown in Table 5.7 and Table 5.8.

**Table 5.7: Block 3/05 Gross Developed Profiles**

Year	Block 3/05 Gross Developed Production and Costs Profiles											
	1P				2P				3P			
	Production Mbbl/d	Capex \$MM	Opex \$MM	Abex \$MM	Production Mbbl/d	Capex \$MM	Opex \$MM	Abex \$MM	Production Mbbl/d	Capex \$MM	Opex \$MM	Abex \$MM
2022	18.0	20.1	129.2	-	18.7	20.0	128.7	-	19.4	19.9	127.9	-
2023	16.1	35.7	177.6	-	17.4	35.4	176.1	-	18.5	35.0	173.9	-
2024	14.0	24.2	166.1	-	15.7	23.2	159.3	-	17.1	21.8	149.3	-
2025	12.3	22.5	146.6	-	14.2	20.8	135.6	-	15.8	16.7	109.0	-
2026	10.8	-	130.7	-	12.9	-	113.3	-	14.7	-	94.4	-
2027	9.6	-	117.3	-	11.8	-	99.4	-	13.6	-	84.5	-
2028	8.5	-	105.0	-	10.8	-	89.9	-	12.7	-	76.3	-
2029	7.6	-	96.1	-	9.9	-	81.5	-	11.9	-	69.4	-
2030	6.8	120.0	87.9	-	9.1	120.0	74.2	-	11.1	120.0	63.5	-
2031	6.1	-	80.3	-	8.4	-	67.7	-	10.4	-	58.4	-
2032	5.5	-	73.5	-	7.7	-	62.1	-	9.7	-	54.0	-
2033	5.0	-	67.2	-	7.1	-	57.1	-	9.1	-	50.2	-
2034	4.5	-	61.5	-	6.6	-	52.6	-	8.6	-	46.8	-
2035	4.0	-	56.0	-	6.1	-	48.6	-	8.0	-	43.8	-
2036	3.6	-	51.2	-	5.7	-	45.1	-	7.5	-	41.2	-
2037	3.3	-	46.9	-	5.2	-	41.9	-	7.1	-	38.8	-
2038	3.0	-	43.1	-	4.9	-	39.0	-	6.7	-	36.7	-
2039	2.7	-	39.5	-	4.5	-	36.4	-	6.3	-	34.7	-
2040	2.5	-	36.6	-	4.2	-	33.9	-	5.9	-	33.0	-
2041	-	-	-	727.5	-	-	-	727.5	-	-	-	727.5
Total (MMstb / Bscf / \$)	51.0	222.6	1712.4	727.5	64.4	219.5	1542.5	727.5	76.4	213.4	1385.8	727.5

#### Notes

- 2022 production and costs are shown point forward of the Effective Date of 31 March 2022.

- The 1P production total is different to the 1P NFA Reserves due to the economic cut off in 2029. The 2P and 3P production totals are the same as the 2P and 3P NFA Reserves since there is no economic cut off prior to assumed licence expiry in 2040.
- All costs are real 2022.
- The 2030 cost of \$120 MM relates to the dry docking of the Palanca FSO.

Table 5.8: Block3/05 Gross Undeveloped Profiles

Year	Block 3/05 Gross Undeveloped Production and Costs Profiles											
	1P				2P				3P			
	Production Mbbbl/d	Capex \$MM	Opex \$MM	Abex \$MM	Production Mbbbl/d	Capex \$MM	Opex \$MM	Abex \$MM	Production Mbbbl/d	Capex \$MM	Opex \$MM	Abex \$MM
2022	0.4	21.5	3.2	-	0.5	21.6	3.7	-	0.7	21.7	4.5	-
2023	0.9	47.3	10.7	-	1.1	47.6	12.3	-	1.4	48.0	14.5	-
2024	1.9	18.5	24.1	-	2.9	19.5	30.9	-	4.6	21.0	40.9	-
2025	1.9	16.6	23.7	-	3.5	18.3	34.7	-	8.7	22.4	61.3	-
2026	2.8	-	34.6	-	5.8	-	51.9	-	10.9	-	70.9	-
2027	3.4	-	43.0	-	7.1	-	60.9	-	12.1	-	75.8	-
2028	4.0	-	50.5	-	7.8	-	65.7	-	13.0	-	79.2	-
2029	4.3	-	54.8	-	8.3	-	69.4	-	13.8	-	81.5	-
2030	4.5	-	58.5	-	8.7	-	72.2	-	14.3	-	82.9	-
2031	4.6	-	61.7	-	9.1	-	74.3	-	14.7	-	83.6	-
2032	4.8	-	64.4	-	9.3	-	75.7	-	14.9	-	83.8	-
2033	4.9	-	66.5	-	9.5	-	76.7	-	15.0	-	83.5	-
2034	4.9	-	68.2	-	9.5	-	77.1	-	15.0	-	82.9	-
2035	5.0	-	69.9	-	9.6	-	77.2	-	14.8	-	82.0	-
2036	5.0	-	70.9	-	9.5	-	77.0	-	14.7	-	80.9	-
2037	5.0	-	71.6	-	9.5	-	76.6	-	14.4	-	79.7	-
2038	4.9	-	71.9	-	9.3	-	75.9	-	14.1	-	78.3	-
2039	4.9	-	72.0	-	9.2	-	75.1	-	13.7	-	76.8	-
2040	4.8	-	71.6	-	9.0	-	74.4	-	13.3	-	75.2	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
Total (MMstb / Bscf / \$)	26.6	103.9	991.8	-	50.9	107.0	1161.8	-	81.8	113.1	1318.4	-

## Notes

- 2022 production and costs are shown point forward of the Effective Date of 31 March 2022.
- The 1P production total is different to the 1P Undeveloped Reserves since the 1P Undeveloped Reserves include volumes associated with the extension of the NFA forecast to 2040 in addition to the Undeveloped projects.
- All costs are real 2022.

## 6. Contingent Resources

### 6.1. Overview of Activities

Contingent Resources have been assigned within Block 3/05 to the following projects:

- Two infill wells in Impala South East (IPSE)
- An infill well in Palanca
- An infill well in Impala
- Cobo workovers to the labe formation
- Volumes beyond licence expiry

The infill wells in Impala South East, Palanca and Impala are work commitments as part of the Block 3/05 licence extension to December 2040, and target regions within these fields that are currently being inefficiently drained by existing wells. Although their general target areas have been identified, the Operator plans future technical work including re-interpretation of the existing seismic datasets and ongoing field performance monitoring and modelling to define their precise locations, final volumes, operational plans, costs and timings prior to approvals. They have been assigned the Contingent Resources status of Development Pending.

The Cobo workovers to the labe formation target a reservoir which is seen in multiple fields but is not currently on production. A well test has confirmed that rates can be achieved in the Cobo field, with the project being assigned the Contingent Resources status of Development Unclarified.

The volumes beyond licence expiry are based on forecast field production beyond December 2040 assuming a further licence extension is obtained to produce these volumes. They have been assigned the Contingent Resources status of Development Not Viable.

Additional Block 3/05 potential opportunities have also been identified by the Operator. These have not been assessed at this time and are subject to further work. These include potential infill drilling into the northern area of the Bufalo field, potential Oombo redevelopment, a potential well into the Pacassa SW prospect, and further labe formation potential in Cobo, Pacassa, and Oombo.

### 6.2. Contingent Resources Estimation

#### 6.2.1. Development Pending: Impala South East Infill Wells

The potential IMPSE infill well target areas are shown in Figure 6.1.

The MPSE-106ST location would drain an isolated block south east of the main field which is currently not being produced, targeting a more crestal location up-dip of existing Well IMPSE-106.

The IMPSE-112 location would target an up-dip area of the main field to the south of existing wells to the north to improve drainage in this region.

Both wells are intended as producers with no additional injectors planned at this time.

Oil was encountered in the IMPSE-106 area of the field by Well IMPSE-106 which is the only well drilled in this fault block. Well IMPSE-106 was put on production in January 1998 from a poor reservoir facies and reduced section above the oil water contact which resulted in poor production and it being shut-in in July 1999.

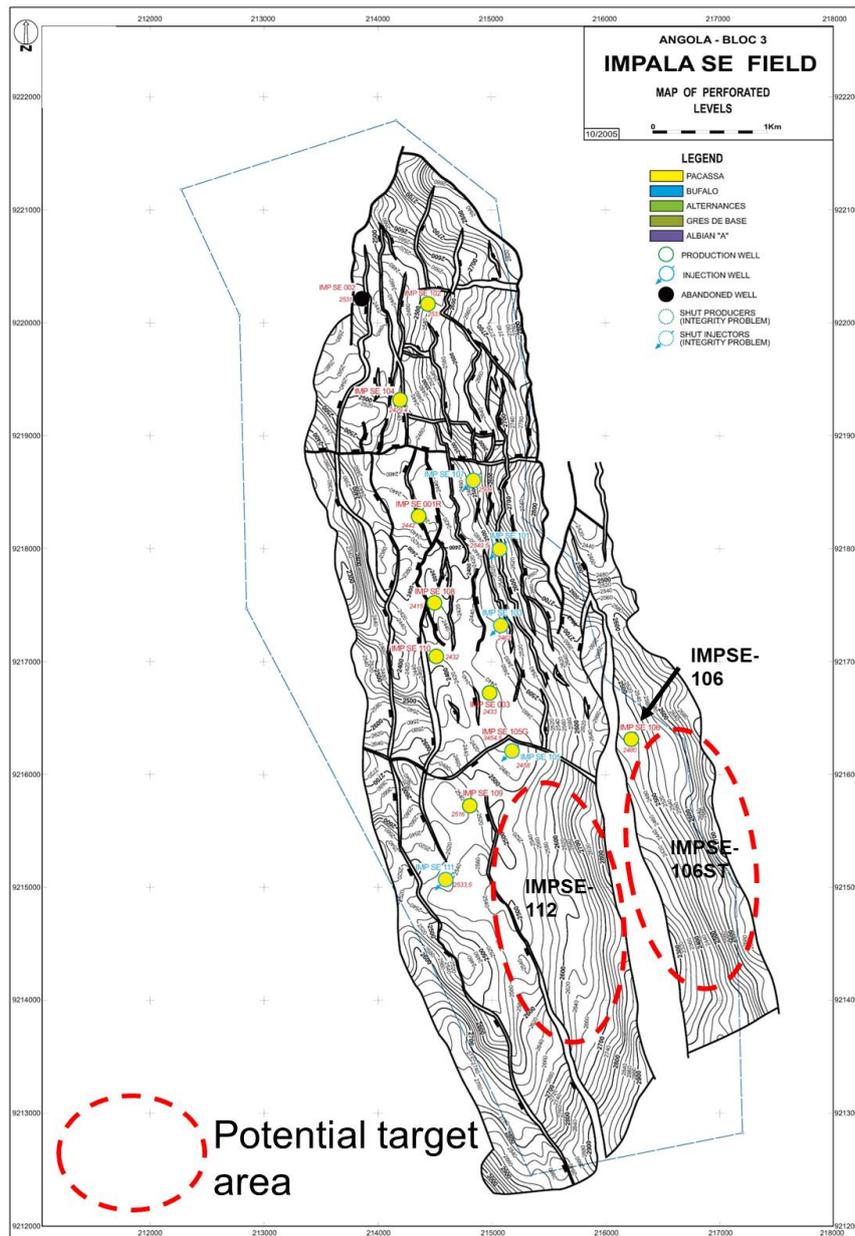


Figure 6.1: Impala SE Map of Perforated Levels (Source: Sonangol P&P)

ERCE has estimated STOIPs of 18 MMstb and 46 MMstb respectively for both the IMPSE-106ST and 112 potential target areas based on the supplied top-reservoir map and scaling of the Operator's current field STOIP of 320 MMstb.

Unrisked Contingent Resources have been derived assuming a range of recovery factors from depletion through to moderate aquifer support drives with results shown in Table 6.1.

**Table 6.1: Gross Unrisked Contingent Resources, IMPSE-106ST and 112 Locations**

Location	Gross Unrisked Oil CR (MMbbl)		
	Low	Best	High
IMPSE-106ST	1.4	2.8	5.0
IMPSE-112	4.6	8.1	13.8
Total	6.0	10.8	18.8

### 6.2.2. Development Pending: Palanca Infill Well

The Palanca infill well is intended to be a side-track of Well PAL-003S to a target location between two shut-in wells to increase the well density and recovery in that area of the field (Figure 6.2). Sonangol P&P estimates that the STOIP in the southern segment of the field is 140 MMstb, of which 55 MMstb have been produced from four wells (Wells PAL-003S, PAL-103S, PAL-105S, PAL-106S) as of March 2022.

The historical production performance of the wells within this sector of the field have been reviewed to estimate recoverable volumes for the infill well.

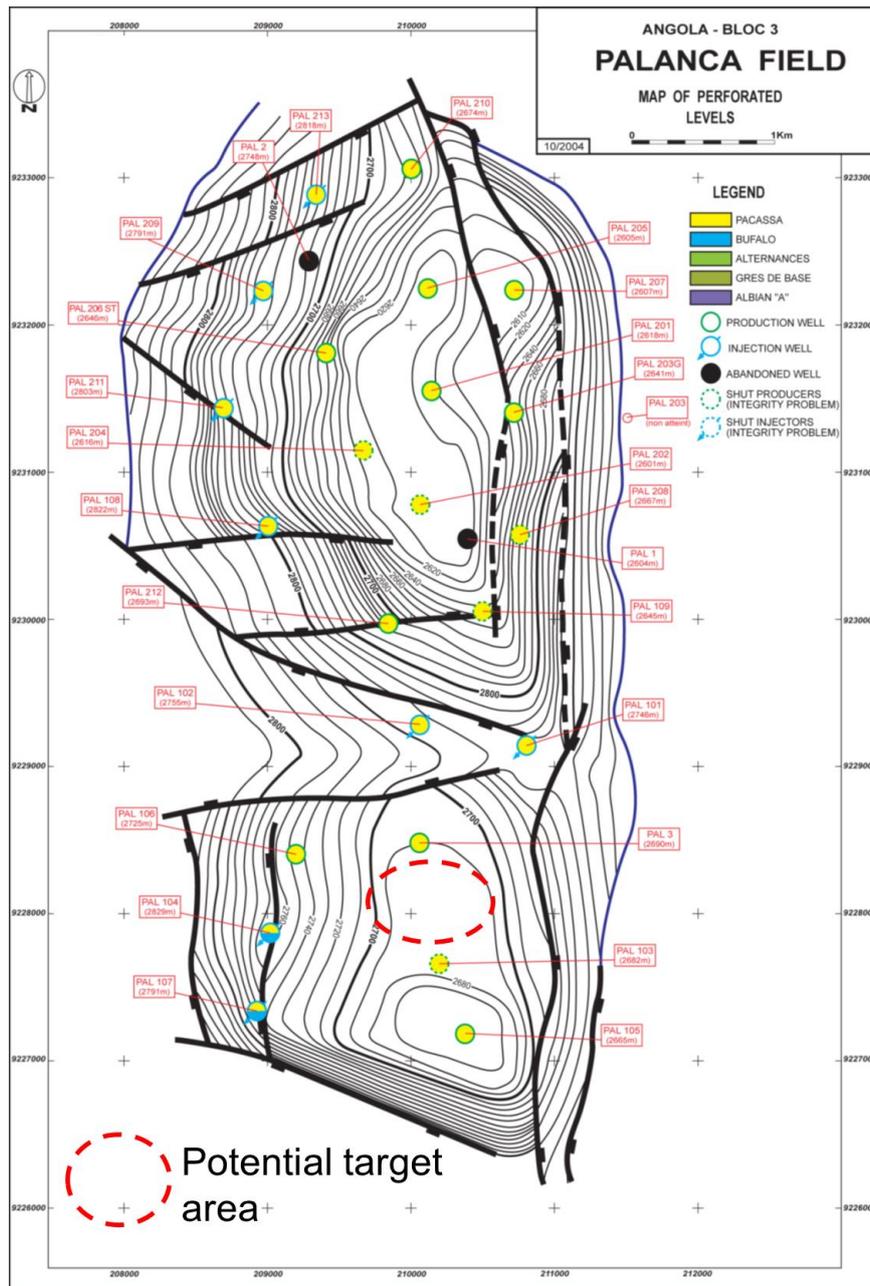


Figure 6.2: Palanca Field Map of Perforated Levels (Source: Sonangol P&P)

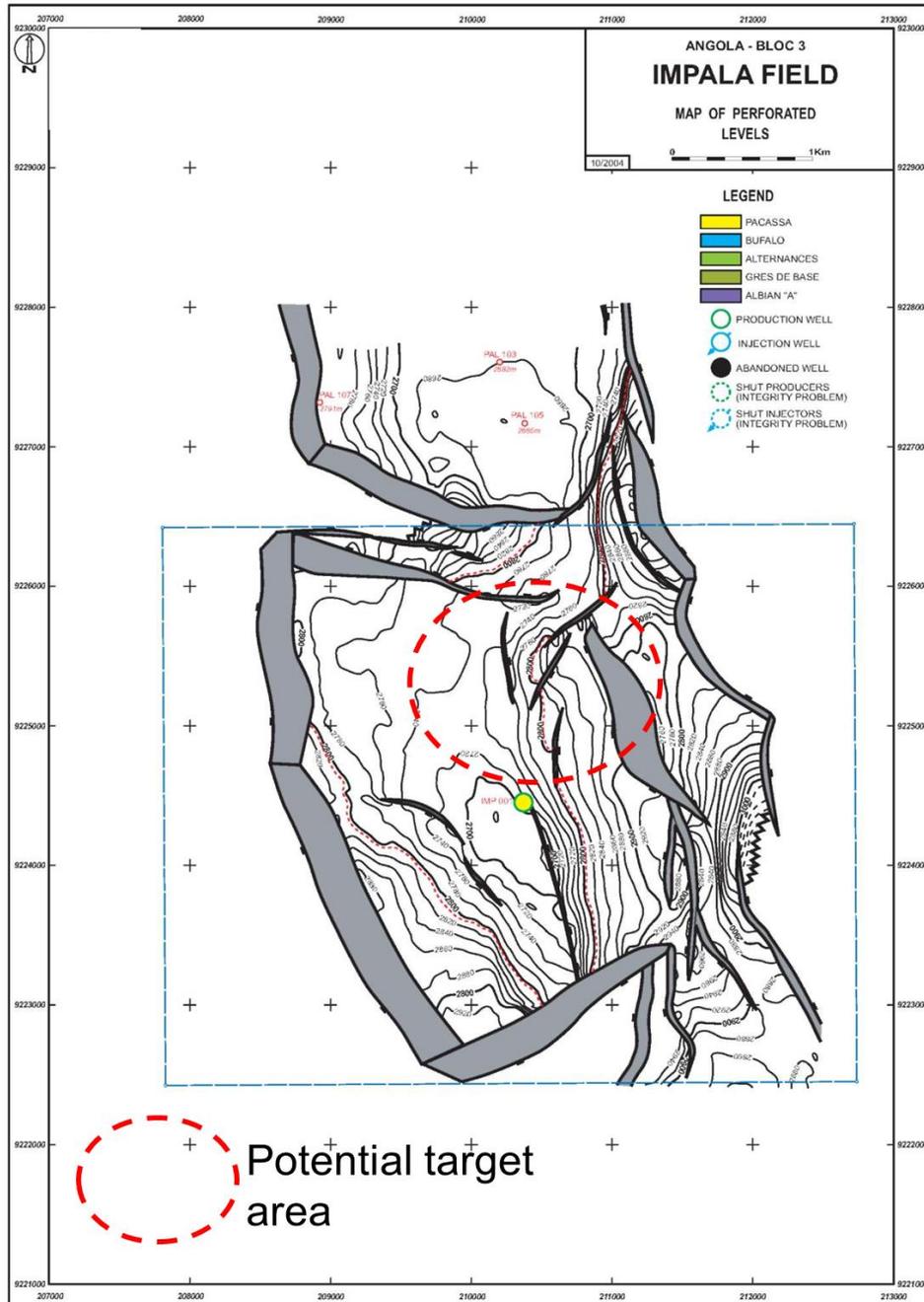
The gross unrisksed Contingent Resources estimates for the Palanca infill well are presented in Table 6.2.

Table 6.2: Palanca Infill Well Gross Unrisksed Contingent Resources

Well	Gross Unrisksed Oil CR (MMbbl)		
	Low	Best	High
Palanca Infill	1.5	4.4	7.6

**6.2.3. Development Pending: Impala Infill Well**

There is currently only a single production well in the Impala field. Sonangol P&P plans to drill an infill well to increase the well density in the field and improve recovery (Figure 6.3). The historical production performance of the only producing well in this field has been used to estimate the recoverable volumes for the infill well.



**Figure 6.3: Impala Field Map of Perforated Levels (Source: Sonangol P&P)**

The gross unrisked Contingent Resources estimates for the Impala infill well are presented in Table 6.3.

**Table 6.3: Impala Infill Well Gross Unrisked Contingent Resources**

Well	Gross Unrisked Oil CR (MMbbl)		
	Low	Best	High
Impala Infill	1.0	3.0	4.8

#### 6.2.4. Development Unclarified: Cobo Workovers to the Iabe Formation

The Cenomanian age Iabe Formation overlying the Albian age Pinda contains oil in the Cobo, Oombo and Pacassa fields but is not currently producing. Oil has been tested at rates of up to 2075 stb/d in Well Cobo-102. Although its reservoir distribution and volumetrics are particularly uncertain, due to the channelised nature of the reservoir, the Iabe is a potential upside target reservoir that may be tested through future workovers. Contingent Resources for this development have been assigned the status of Development Unclarified.

ERCE has considered low and high potential drainage areas when calculating the resources for the two wells, as shown by the red and green lines on Figure 6.4. These areas have been used to derive Low and High STOIP estimates to which recovery factors consistent with depletion and moderate aquifer support drives have been respectively applied. The best estimate of Contingent Resources has been determined from the Low and High assuming a log-normal distribution.

The gross unrisked Contingent Resources estimates for the Cobo workovers are presented in Table 6.4.

**Table 6.4: Cobo-Iabe Gross Unrisked Contingent Resources**

Gross Un-risked Contingent Resources. (MMstb)		
1C	2C	3C
0.2	1.1	5.8

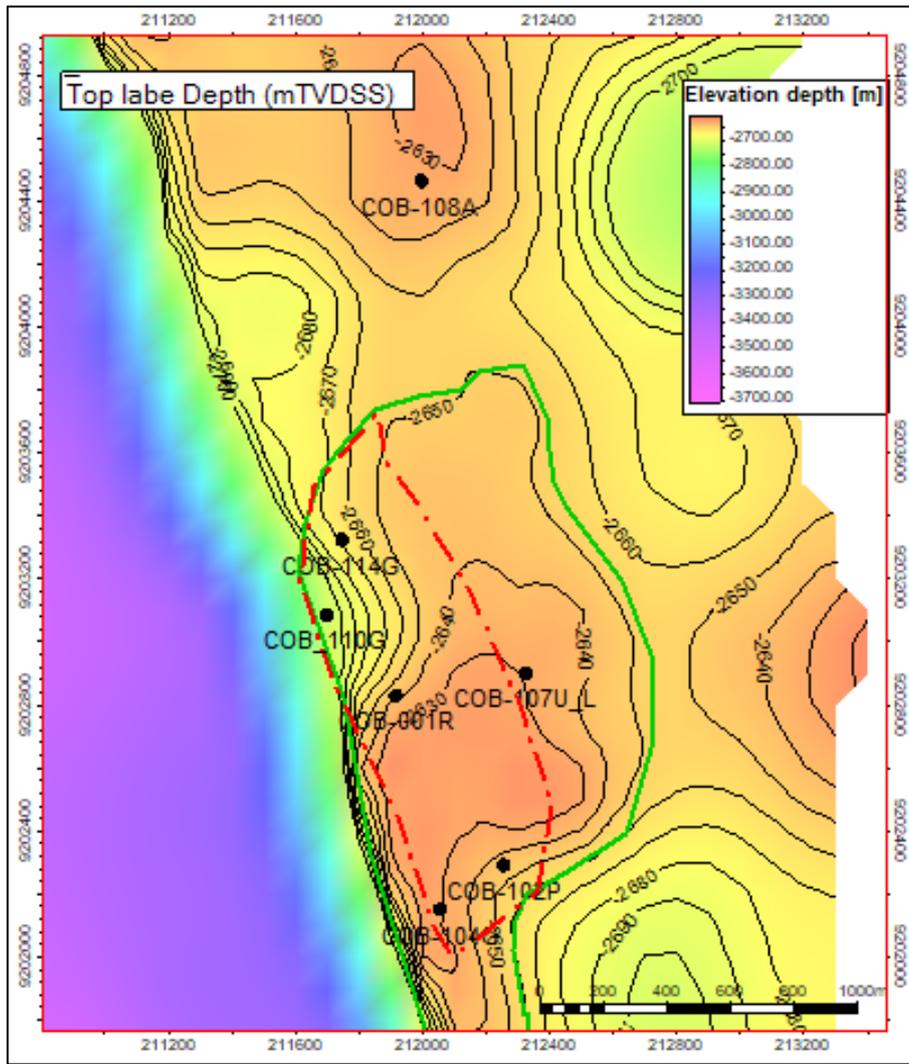


Figure 6.4: labe Depth Map with Low and High Volumetric Polygons (Source: Sonangol P&P)

**6.2.5. Development Not Viable: Forecast Production Beyond 2040 Licence Expiry**

Unrisked Contingent Resources have been estimated based on an assumption that the licence period, currently assumed to end in December 2040, would be extended for a further five years. The quantities to be produced in this period have been derived by extrapolation of the aggregated forecasts of Developed and Undeveloped Reserves beyond the end of 2040 for five years.

The gross unrisked Contingent Resources estimates for the assumed five-year licence extension are presented in Table 6.5.

Table 6.5: Unrisked Contingent Resources Beyond 2040 Licence Expiry

Oil Unrisked CR 2041 - 2045	Gross (MMstb)			Afentra Working Interest (MMstb)		
	1C	2C	3C	1C	2C	3C
NFA in aggregate	3.5	6.1	9.1	0.8	1.5	2.2
WI Restoration in aggregate	8.2	14.8	21.5	2.0	3.5	5.2
Other Projects in aggregate	0.4	1.7	2.6	0.1	0.4	0.6
<b>Total Contingent Resources</b>	<b>12.0</b>	<b>22.6</b>	<b>33.2</b>	<b>2.9</b>	<b>5.4</b>	<b>8.0</b>

## Notes

1. Other Projects are the Palanca F2 platform restart, two Cobo Pinda workovers, and the Well IMP-001R restart.
2. Totals are added arithmetically.

### 6.2.6. Contingent Resources Summary

Table 6.6 presents the gross unrisked Contingent Resources by project and in aggregate.

Table 6.6: Gross Unrisked Oil Contingent Resources by Project &amp; Sub-Class

Oil Contingent Resources by Project and Sub-Class (Unrisked)	Gross (MMstb)			Afentra Working Interest (MMstb)			Operator
	1C	2C	3C	1C	2C	3C	
Development Pending							
Impala South East Infill	6.0	10.8	18.8	1.4	2.6	4.5	Sonangol P&P
Impala Infill	1.0	3.0	4.8	0.2	0.7	1.2	Sonangol P&P
Palanca Infill	1.5	4.4	7.6	0.4	1.1	1.8	Sonangol P&P
Total Development Pending	8.6	18.2	31.2	2.1	4.4	7.5	Sonangol P&P
Development Unclassified							
Cobo Workovers to the labe Formation	0.2	1.1	5.8	0.0	0.3	1.4	Sonangol P&P
Development Not Viable							
Licence Extension from 2041 to 2045	12.0	22.6	33.2	2.9	5.4	8.0	Sonangol P&P
<b>Total All Contingent Resource Classes</b>	<b>20.8</b>	<b>41.9</b>	<b>70.3</b>	<b>5.0</b>	<b>10.0</b>	<b>16.9</b>	Sonangol P&P

## Notes

1. Volumes shown are unrisked oil Contingent Resources that have not been risked for chance of development.
2. Afentra Working Interest Contingent Resources are based upon a post Transactions working interest of 24.00%; for the development not Viable Contingent Resources it has been assumed that Afentra's Working Interest would remain unchanged in the event the licence is extended from end 2040 to end 2045.
3. Afentra Net Entitlement Contingent Resources are not disclosed because an economic evaluation of these volumes has not been performed. There is no certainty that any of the Contingent Resources shown are economically viable.

4. Totals are added arithmetically which means statistically there is a greater than 90% chance of exceeding the Total 1C and less than a 10% chance of exceeding the Total 3C.
5. This table shows Contingent Resources associated with both the Sonangol P&P and INA transactions. Contingent Resources associated with each of the transactions individually may be found in Appendices 3 and 4.

## 7. Economic Valuation

ERCE has undertaken an economic evaluation to determine the economic limit and NPV of the fields in Block 3/05, based on the fiscal regime in Angola, the production and cost profiles generated by or accepted by ERCE, and several commercial assumptions listed below. All estimates are presented on a gross and net (24.00 %) basis, the latter being Afentra's equity in the block following completion of the Transactions.

ERCE's evaluation was performed with an economic model provided by Afentra, audited by ERCE to ensure its calculations replicated the terms of the Block 3/05 PSA. ERCE has estimated the Reserves at the 1P, 2P and 3P levels of uncertainty for the assets as of the Effective Date.

The unrecovered cost pool for Sonangol P&P's interest in Block 3/05 differs from the unrecovered cost pool for INA's interest in the block. Accordingly, ERCE evaluated Afentra's proposed acquisition of a 20.00% interest from Sonangol P&P separately from its proposed acquisition of INA's 4.00% interest. Net Entitlement Reserves and valuations output from these independent analyses were subsequently aggregated arithmetically to provide a view of Afentra's position following completion of the Transactions.

### 7.1. Fiscal Regime

Block 3/05 is governed by the PSA which was signed in October 2005. The current expiry date is 30 June 2025. One of the conditions for the Transaction execution is a licence extension until 2040 which would come in the form of a presidential decree currently awaited following signature of the SPA on 22 April 2022. Taking this into account, the fiscal regime has been modelled based on current terms, but the expiry date extended to end-December 2040.

The main fiscal elements of the Block 3/05 PSA include but are not limited to:

- Cost ceiling is 65% of gross revenues
- 1.33 uplift for development CAPEX
- Development Cost Amortisation is 25%/year
- Profit Oil is split 30% to Contractor and 70% to ANPG
- Corporate Income Tax is 50%

## 7.2. Economic Assumptions

The following commercial parameters were adopted in the modelling of discounted cash flows for this evaluation.

- A Brent Crude Oil price of US\$97/bbl in 2022, US\$85/bbl in 2023, US\$75/bbl in 2024, US\$72/bbl in 2025 and thereafter in real terms. Prices are escalated at 2.0% per annum inflation.

**Table 7.1 : Brent Crude Oil Price Forecast**

ERCE (Base Case) Brent Assumptions (\$/bbl)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+
Real (Constant \$, 2022)	97	85	75	72	72	72	72	72	72	72	72
Nominal (\$ of the day)	97	86	78	76	78	79	81	82	84	86	+2.0% pa

- The Block 3/05 oil sells at parity with Brent based on information provided by Afentra.
- Capital and operating costs have been determined in 2022 real terms and inflated at a 2.0% per annum inflation rate.

## 7.3. Valuation

Table 7.2 presents economic results net to Afentra as at the Effective Date of 31 March 2022 in US\$ MM at the 1P, 2P and 3P levels of uncertainty for each of the Developed Producing NFA and Undeveloped projects in aggregate and for all projects combined at discount rates ranging from 0 to 20%. Table 7.2 also shows the final year of economic production after application of the ELT which has been used in the calculation of the Reserves presented in Table 5.7 and Table 5.8. Economic results for each of the Sonangol P&P and INA transactions individually may be found in Appendices 3 and 4.

Table 7.2 : Results of Economic Analysis as of 31 March 2022

Block 3/05 Developed and Undeveloped Summary	Economic Limit (Year)	Net NPV				
		0% (US \$MM)	5% (US \$MM)	10% (US \$MM)	15% (US \$MM)	20% (US \$MM)
<b>Developed Producing</b>						
NFA 1P	2029	105.3	96.9	89.7	83.5	78.3
NFA 2P	2040	220.9	176.5	148.7	129.8	116.2
NFA 3P	2040	265.3	207.1	171.9	148.8	132.7
<b>Undeveloped</b>						
Water Injection Restoration						
1P	2040	54.1	28.4	15.1	8.0	3.9
2P	2040	84.6	47.5	28.2	17.6	11.3
3P	2040	160.6	92.4	56.7	36.7	24.9
Palanca F2 Platform Restart						
1P	2040	13.1	7.7	4.6	2.7	1.4
2P	2040	16.5	10.7	7.4	5.2	3.8
3P	2040	23.1	14.9	10.2	7.3	5.4
Cobo Pinda Workovers						
1P	2040	-0.4	-1.6	-2.3	-2.6	-2.8
2P	2040	6.2	3.5	1.9	0.8	0.1
3P	2040	12.5	7.8	5.1	3.3	2.1
Impala IMP-001R Restart						
1P	2040	1.8	1.5	1.3	1.1	1.0
2P	2040	1.8	1.4	1.2	1.1	1.0
3P	2040	2.8	1.9	1.5	1.2	1.1
<b>Total Undeveloped</b>						
1P	2040	68.5	35.9	18.7	9.1	3.6
2P	2040	109.1	63.2	38.7	24.7	16.2
3P	2040	199.0	117.1	73.5	48.6	33.5
<b>Total Developed plus Undeveloped</b>						
1P	2040	173.9	132.8	108.4	92.7	81.9
2P	2040	330.0	239.7	187.4	154.5	132.4
3P	2040	464.3	324.2	245.3	197.4	166.2

## Notes

1. Economics for the Palanca F2 platform restart, the Well Cobo-001R workover and the Well IMP-001R restart have been determined on an incremental basis to the combined NFA plus water injection restoration scenarios.
2. Totals are added arithmetically.
3. This table shows economic results associated with both the Sonangol P&P and INA transactions. Economic results associated with each of the transactions individually may be found in Appendices 3 and 4.

## Appendix 1 – PRMS Guidelines

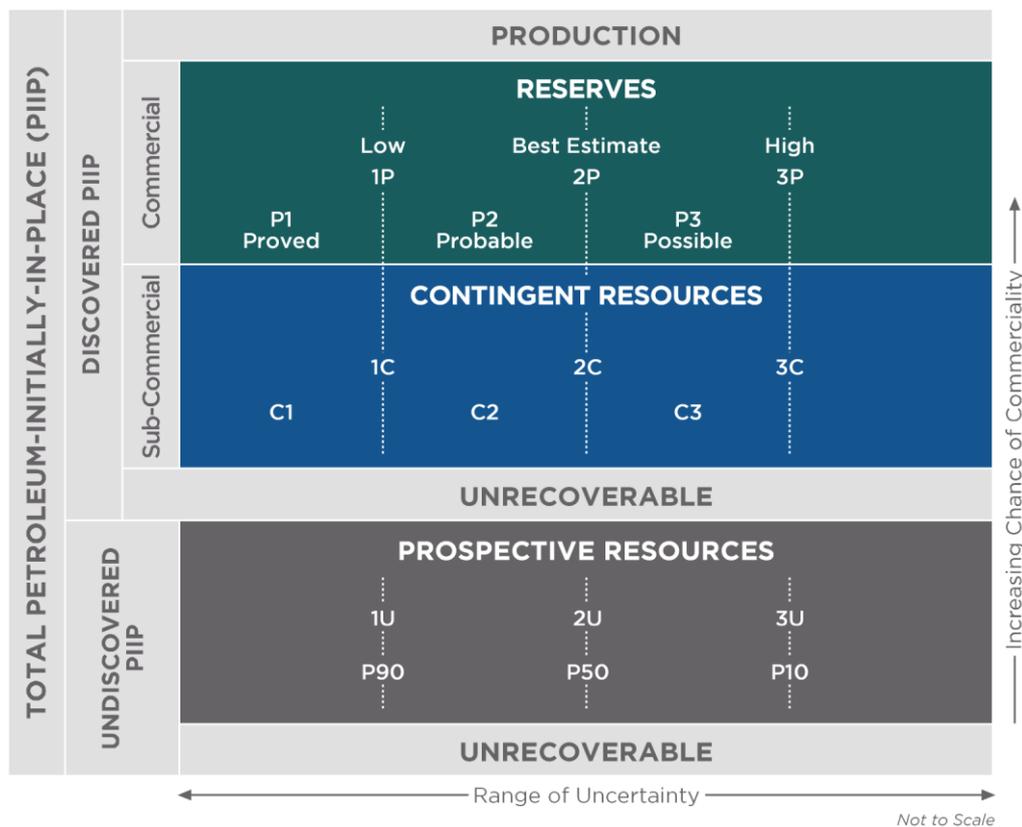
This report references the SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Reserves and Resources Classification System and Definitions, Version 1.01, as revised in June 2018 and updated in November 2018 (PRMS).

The full text of the PRMS document can be viewed at:

<https://secure.spee.org/resources/reserves-definitions-committee-rdc>

PRMS classifies resources into discovered and undiscovered, and defines the recoverable resources classes of; Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable Petroleum.

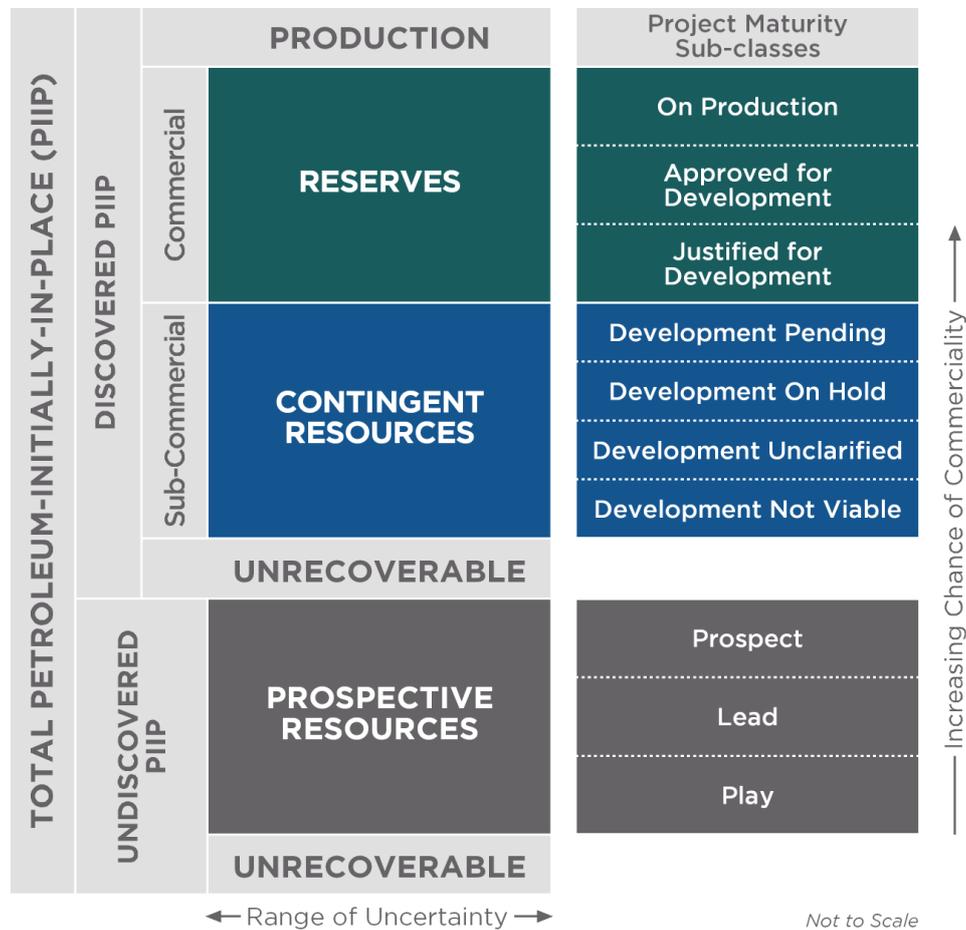
A graphical representation of the PRMS resources classification framework can be seen below in Figure A. The horizontal axis reflects the range of uncertainty of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the chance of commerciality, which is the chance that a project will be committed for development and reach commercial producing status.



**Figure A: PRMS Resources classification framework**

(Source: PRMS, Version 1.01; page 1, Figure 1.1)

As illustrated below in Figure B, development projects and associated recoverable quantities may be sub-classified according to project maturity levels and the associated actions (i.e., business decisions) required to move a project toward commercial production.



**Figure B: PRMS Resources sub-classes**

(Source: PRMS, Version 1.01; page 8, Figure 2.1)

A summary of key definitions of the PRMS Reserves and Resource categories, classes and sub-classes can be found in Tables 1 to 3 and a glossary of selected PRMS terms can be found in Table 4, below:

## Table 1: PRMS Recoverable Resources Classes and Sub-Classes

Classes/Sub-classes	Definition	Guidelines
<b>Reserves</b>	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	<p>Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status.</p> <p>To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see PRMS Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame.</p> <p>A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.</p> <p>To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.</p>

Classes/Sub-classes	Definition	Guidelines
<b>On Production</b>	The development project is currently producing or capable of producing and selling petroleum to market.	<p>The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves.</p> <p>The project decision gate is the decision to initiate or continue economic production from the project.</p>
<b>Approved for Development</b>	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	<p>At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget.</p> <p>The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.</p>
<b>Justified for Development</b>	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	<p>To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see PRMS Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame) There must be no known contingencies that could preclude the development from proceeding (see Reserves class).</p> <p>The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.</p>

Classes/Sub-classes	Definition	Guidelines
<b>Contingent Resources</b>	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.	<p>Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist.</p> <p>Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.</p>
<b>Development Pending</b>	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	<p>The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status.</p> <p>The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.</p>
<b>Development on Hold</b>	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	<p>The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status.</p> <p>The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.</p>

<b>Classes/Sub-classes</b>	<b>Definition</b>	<b>Guidelines</b>
<b>Development Unclarified</b>	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	<p>The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development.</p> <p>This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.</p>
<b>Development Not Viable</b>	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited production potential.	<p>The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions.</p> <p>The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.</p>
<b>Prospective Resources</b>	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
<b>Prospect</b>	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
<b>Lead</b>	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.

Classes/Sub-classes	Definition	Guidelines
<b>Play</b>	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Table 2: PRMS Reserves Status Definitions and Guidelines

Status	Definition	Guidelines
<b>Developed Reserves</b>	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
<b>Developed Producing Reserves</b>	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
<b>Developed Non-Producing Reserves</b>	Shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate, but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves.  In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Status	Definition	Guidelines
<b>Undeveloped Reserves</b>	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

**Table 3: PRMS Reserves Category Definitions and Guidelines**

Category	Definition	Guidelines
<b>Proved Reserves</b>	Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.	<p>If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate.</p> <p>The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and</p> <p>2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.</p> <p>In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved.</p> <p>Reserves in undeveloped locations may be classified as Proved provided that:</p> <ul style="list-style-type: none"> <li>A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive.</li> <li>B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations.</li> </ul> <p>For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering</p>

---

		<p>judgment considering the characteristics of the Proved area and the applied development program.</p>
<p><b>Probable Reserves</b></p>	<p>Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.</p>	<p>It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.</p> <p>Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria.</p> <p>Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.</p>

---

<p><b>Possible Reserves</b></p>	<p>Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.</p>	<p>The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario.</p> <p>When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate.</p> <p>Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project.</p> <p>Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.</p>
<p><b>Probable and Possible Reserves</b></p>	<p>See above for separate criteria for Probable Reserves and Possible Reserves.</p>	<p>The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects.</p> <p>In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area.</p> <p>Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources.</p> <p>In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.</p>

Table 4: Glossary of Selected Terms Used in PRMS

Term	Definition
<b>1C</b>	Denotes low estimate of Contingent Resources.
<b>2C</b>	Denotes best estimate of Contingent Resources.
<b>3C</b>	Denotes high estimate of Contingent Resources.
<b>1P</b>	Denotes low estimate of Reserves (i.e., Proved Reserves). Equal to P1.
<b>2P</b>	Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.
<b>3P</b>	Denotes high estimate of reserves. The sum of Proved plus Probable plus Possible Reserves.
<b>1U</b>	Denotes the unrisked low estimate qualifying as Prospective Resources.
<b>2U</b>	Denotes the unrisked best estimate qualifying as Prospective Resources.
<b>3U</b>	Denotes the unrisked high estimate qualifying as Prospective Resources.
<b>Accumulation</b>	An individual body of naturally occurring petroleum in a reservoir.
<b>C1</b>	Denotes low estimate of Contingent Resources. C1 is equal to 1C.
<b>C2</b>	Denotes Contingent Resources of same technical confidence as Probable, but not commercially matured to Reserves.
<b>C3</b>	Denotes Contingent Resources of same technical confidence as Possible, but not commercially matured to Reserves.
<b>Chance of Commerciality</b>	The estimated probability that the project will achieve commercial maturity to be developed. For Prospective Resources, this is the product of the chance of geologic discovery and the chance of development. For Contingent Resources and Reserves, it is equal to the chance of development.
<b>Chance of Development</b>	The estimated probability that a known accumulation, once discovered, will be commercially developed.
<b>Chance of Geologic Discovery</b>	The estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum.
<b>Low/Best/High Estimate</b>	Reflects the range of uncertainty as a reasonable range of estimated potentially recoverable quantities.
<b>P1</b>	Denotes Proved Reserves. P1 is equal to 1P.
<b>P2</b>	Denotes Probable Reserves.
<b>P3</b>	Denotes Possible Reserves.
<b>Petroleum Initially-in-Place (PIIP)</b>	The total quantity of petroleum that is estimated to exist originally in naturally occurring reservoirs, as of a given date. Crude oil in-place, natural gas in-place, and natural bitumen in-place are defined in the same manner.
<b>Recoverable Resources</b>	Those quantities of hydrocarbons that are estimated to be producible by the project from either discovered or undiscovered accumulations.
<b>Uncertainty</b>	The range of possible outcomes in a series of estimates. For recoverable resources assessments, the range of uncertainty reflects a reasonable range of estimated potentially recoverable quantities for an accumulation or project.

## Appendix 2 – Nomenclature

### Units and their abbreviations

<b>°C</b>	Degrees Celsius
<b>°F</b>	Degrees Fahrenheit
<b>Bbbl</b>	Billion Barrels
<b>bbl</b>	Barrel
<b>bbl/d</b>	Barrels per day
<b>Bscf</b>	Thousands of millions of standard cubic feet
<b>cp</b>	Centipoises
<b>ft</b>	Feet
<b>km</b>	Kilometres
<b>m</b>	Metres
<b>M or MM</b>	Thousands and millions respectively
<b>mD</b>	Millidarcy
<b>ppm</b>	Parts per million
<b>psia</b>	Pounds per square inch absolute
<b>psig</b>	Pounds per square inch gauge
<b>pu</b>	Porosity unit
<b>scf</b>	Standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit
<b>scf/d</b>	Standard cubic feet per day
<b>scf/stb</b>	Standard cubic feet per stock tank barrel
<b>stb</b>	A stock tank barrel which is 42 US gallons measured at 14.7 pounds per square inch and 60 degrees Fahrenheit
<b>stb/d</b>	Stock tank barrels per day

## Terms and their abbreviations

<b>ABEX</b>	Means abandonment cost
<b>API</b>	American Petroleum Institute
<b>CAPEX</b>	Means capital cost
<b>CoP</b>	Cessation of production
<b>DCA</b>	Decline curve analysis
<b>ELT</b>	Economic limit test
<b>EUR</b>	Expected ultimate recovery
<b>FDP</b>	Field development plan
<b>FSO</b>	Means floating storage and offloading vessel
<b>GOR</b>	Gas oil ratio
<b>MD</b>	Measured depth
<b>NFA</b>	No further activity
<b>NPV xx</b>	Net present value at xx discount rate
<b>OPEX</b>	Means operating cost
<b>P<sub>b</sub></b>	Means bubble point pressure – the pressure at which the first bubble of gas appears at a specific temperature
<b>Ph<sub>e</sub></b>	Effective porosity
<b>Ph<sub>t</sub></b>	Total porosity
<b>PIIP</b>	Petroleum initially in place
<b>PVT</b>	Pressure volume temperature experiment
<b>RF</b>	Recovery factor
<b>STOIIP</b>	Stock tank oil initially in place
<b>TRR</b>	Technically Recoverable Resources without application of an economic cut off
<b>TVD</b>	True vertical depth
<b>WCT</b>	Water cut – the ratio of produced water to total liquids expressed as a percentage
<b>WI</b>	Water injection

## Appendix 3 – Sonangol Transaction

This appendix provides a summary of Reserves, Contingent Resources and valuations attributable to Afentra's proposed acquisition of 20.00% of Sonangol's interest in Block 3/05.

**Table A3.1: Block 3/05 Oil Reserves attributable to Sonangol Transaction as of 31 March 2022**

Operational Status/ Project	Gross (MMstb)			Afentra Working Interest (MMstb)			Afentra Net Entitlement (MMstb)			Operator
	1P	2P	3P	1P	2P	3P	1P	2P	3P	
Developed Producing										
NFA	33.8	64.4	76.4	6.8	12.9	15.3	5.1	8.7	9.1	Sonangol P&P
Undeveloped										
Water Injection Restoration	36.9	39.4	65.7	7.4	7.9	13.1	5.6	4.2	6.1	Sonangol P&P
Palanca F2 Platform Restart	5.2	7.7	9.6	1.0	1.5	1.9	0.8	0.9	1.0	Sonangol P&P
Well Cobo-001R Workover	1.3	2.9	5.2	0.3	0.6	1.0	0.2	0.4	0.5	Sonangol P&P
Impala IMP-001R Restart	0.4	0.9	1.2	0.1	0.2	0.2	0.1	0.1	0.1	Sonangol P&P
Total Undeveloped	43.8	50.9	81.8	8.8	10.2	16.4	6.6	5.6	7.7	Sonangol P&P
<b>Total All Reserves Classes</b>	<b>77.6</b>	<b>115.2</b>	<b>158.2</b>	<b>15.5</b>	<b>23.0</b>	<b>31.6</b>	<b>11.7</b>	<b>14.2</b>	<b>16.8</b>	Sonangol P&P

### Notes

1. The Effective Date is 31 March 2022.
2. Reserves assume licence extension from 30 June 2025 to 31 December 2040 and that the current fiscal terms apply during the extension period.
3. The water injection restoration project, when aggregated with the NFA forecast, extends the 1P field life from 2029 to the end of the assumed extended licence period in 2040. The 1P Reserves for the water injection restoration project of 36.9 MMstb therefore comprise 19.7 MMstb from water injection and 17.2 MMstb from an extension of the NFA forecast.
4. Reserves for the other Undeveloped projects have been determined from economic cut offs that have been run on an incremental basis to the NFA plus water injection scenario.
5. Totals are added arithmetically which means statistically there is a greater than 90% chance of exceeding the Total 1P and less than a 10% chance of exceeding the Total 3P.
6. Afentra Working Interest Reserves comprise the gross Reserves multiplied by Afentra's 20.00% working interest in Block 3/05 after completion of the transaction.
7. Afentra Net Entitlement Reserves are that portion of the future production (and thus Reserves) accruing to Afentra, based on its share of total cost and profit revenues calculated under the terms of the licence agreement.

**Table A3.2: Block 3/05 Unrisked Oil Contingent Resources attributable to Sonangol Transaction as of 31 March 2022**

Oil Contingent Resources by Project and Sub-Class (Unrisked)	Gross (MMstb)			Afentra Working Interest (MMstb)			Operator
	1C	2C	3C	1C	2C	3C	
Development Pending							
Impala South East Infill	6.0	10.8	18.8	1.2	2.2	3.8	Sonangol P&P
Impala Infill	1.0	3.0	4.8	0.2	0.6	1.0	Sonangol P&P
Palanca Infill	1.5	4.4	7.6	0.3	0.9	1.5	Sonangol P&P
Total Development Pending	8.6	18.2	31.2	1.7	3.6	6.2	Sonangol P&P
Development Unclarified							
Cobo Workovers to the labe Formation	0.2	1.1	5.8	0.0	0.2	1.2	Sonangol P&P
Development Not Viable							
Licence Extension from 2041 to 2045	12.0	22.6	33.2	2.4	4.5	6.6	Sonangol P&P
<b>Total All Contingent Resource Classes</b>	<b>20.8</b>	<b>41.9</b>	<b>70.3</b>	<b>4.2</b>	<b>8.4</b>	<b>14.1</b>	Sonangol P&P

## Notes

1. Volumes shown are unrisked oil Contingent Resources that have not been risked for chance of development.
2. Afentra Working Interest Contingent Resources are based upon a post transaction working interest of 20.00%; for the Development Not Viable Contingent Resources it has been assumed that Afentra's Working Interest would remain unchanged in the event the licence is extended from end 2040 to end 2045.
3. Afentra Net Entitlement Contingent Resources are not disclosed because an economic evaluation of these volumes has not been performed. There is no certainty that any of the Contingent Resources shown are economically viable.
4. Totals are added arithmetically which means statistically there is a greater than 90% chance of exceeding the Total 1C and less than a 10% chance of exceeding the Total 3C.

**Table A3.3: Unrisked Contingent Resources attributable to Sonangol Transaction Beyond 2040 Licence Expiry**

Oil Unrisked CR 2041 - 2045	Gross (MMstb)			Afentra Working Interest (MMstb)		
	1C	2C	3C	1C	2C	3C
NFA in aggregate	3.5	6.1	9.1	0.7	1.2	1.8
WI Restoration in aggregate	8.2	14.8	21.5	1.6	3.0	4.3
Other Projects in aggregate	0.4	1.7	2.6	0.1	0.3	0.5
<b>Total Contingent Resources</b>	<b>12.0</b>	<b>22.6</b>	<b>33.2</b>	<b>2.4</b>	<b>4.5</b>	<b>6.6</b>

## Notes

1. Other Projects are the Palanca F2 platform restart, two Cobo Pinda workovers, and the Well IMP-001R restart.
2. Totals are added arithmetically.

Table A3.4: Results of Economic Analysis attributable to Sonangol Transaction as of 31 March 2022

Block 3/05 Developed and Undeveloped Summary	Economic Limit (Year)	Net NPV				
		0% (US \$MM)	5% (US \$MM)	10% (US \$MM)	15% (US \$MM)	20% (US \$MM)
<b>Developed Producing</b>						
NFA 1P	2029	87.8	80.7	74.7	69.6	65.3
NFA 2P	2040	177.7	142.3	120.2	105.3	94.6
NFA 3P	2040	214.8	167.3	138.8	120.3	107.3
<b>Undeveloped</b>						
Water Injection Restoration						
1P	2040	45.1	23.6	12.6	6.6	3.3
2P	2040	70.5	39.5	23.4	14.5	9.2
3P	2040	133.9	77.0	47.2	30.5	20.6
Palanca F2 Platform Restart						
1P	2040	10.9	6.4	3.8	2.2	1.2
2P	2040	13.7	8.9	6.1	4.3	3.1
3P	2040	19.2	12.4	8.4	6.0	4.4
Cobo Pinda Workovers						
1P	2040	-0.4	-1.4	-1.9	-2.2	-2.3
2P	2040	5.2	2.9	1.6	0.7	0.1
3P	2040	10.4	6.5	4.2	2.8	1.8
Impala IMP-001R Restart						
1P	2040	1.5	1.2	1.1	0.9	0.8
2P	2040	1.5	1.2	1.0	0.9	0.8
3P	2040	2.3	1.6	1.2	1.0	0.8
<b>Total Undeveloped</b>						
1P	2040	57.1	29.9	15.6	7.6	3.0
2P	2040	90.9	52.5	32.1	20.4	13.3
3P	2040	165.8	97.5	61.0	40.2	27.6
<b>Total Developed plus Undeveloped</b>						
1P	2040	144.9	110.7	90.3	77.2	68.2
2P	2040	268.6	194.8	152.3	125.7	107.9
3P	2040	380.6	264.7	199.8	160.5	135.0

## Notes

1. Economics for the Palanca F2 platform restart, the Well Cobo-001R workover and the Well IMP-001R restart have been determined on an incremental basis to the combined NFA plus water injection restoration scenarios.
2. Totals are added arithmetically.

## Appendix 4 – INA Transaction

This appendix provides a summary of Reserves, Contingent Resources and valuations attributable to Afentra's proposed acquisition of INA's 4.00% interest in Block 3/05.

**Table A4.1: Block 3/05 Oil Reserves attributable to INA Transaction as of 31 March 2022**

Operational Status/ Project	Gross (MMstb)			Afentra Working Interest (MMstb)			Afentra Net Entitlement (MMstb)			Operator
	1P	2P	3P	1P	2P	3P	1P	2P	3P	
Developed Producing										
NFA	33.8	64.4	76.4	1.4	2.6	3.1	1.0	1.8	1.9	Sonangol P&P
Undeveloped										
Water Injection Restoration	36.9	39.4	65.7	1.5	1.6	2.6	1.1	0.8	1.2	Sonangol P&P
Palanca F2 Platform Restart	5.2	7.7	9.6	0.2	0.3	0.4	0.2	0.2	0.2	Sonangol P&P
Well Cobo-001R Workover	1.3	2.9	5.2	0.1	0.1	0.2	0.0	0.1	0.1	Sonangol P&P
Impala IMP-001R Restart	0.4	0.9	1.2	0.0	0.0	0.0	0.0	0.0	0.0	Sonangol P&P
Total Undeveloped	43.8	50.9	81.8	1.8	2.0	3.3	1.3	1.1	1.5	Sonangol P&P
<b>Total All Reserves Classes</b>	<b>77.6</b>	<b>115.2</b>	<b>158.2</b>	<b>3.1</b>	<b>4.6</b>	<b>6.3</b>	<b>2.3</b>	<b>2.9</b>	<b>3.4</b>	Sonangol P&P

### Notes

1. The Effective Date is 31 March 2022.
2. Reserves assume licence extension from 30 June 2025 to 31 December 2040 and that the current fiscal terms apply during the extension period.
3. The water injection restoration project, when aggregated with the NFA forecast, extends the 1P field life from 2029 to the end of the assumed extended licence period in 2040. The 1P Reserves for the water injection restoration project of 36.9 MMstb therefore comprise 19.7 MMstb from water injection and 17.2 MMstb from an extension of the NFA forecast.
4. Reserves for the other Undeveloped projects have been determined from economic cut offs that have been run on an incremental basis to the NFA plus water injection scenario.
5. Totals are added arithmetically which means statistically there is a greater than 90% chance of exceeding the Total 1P and less than a 10% chance of exceeding the Total 3P.
6. Afentra Working Interest Reserves comprise the gross Reserves multiplied by Afentra's 4.00% working interest in Block 3/05 after completion of the transaction.
7. Afentra Net Entitlement Reserves are that portion of the future production (and thus Reserves) accruing to Afentra, based on its share of total cost and profit revenues calculated under the terms of the licence agreement.

**Table A4.2: Block 3/05 Unrisked Oil Contingent Resources attributable to INA Transaction as of 31 March 2022**

Oil Contingent Resources by Project and Sub-Class (Unrisked)	Gross (MMstb)			Afenra Working Interest (MMstb)			Operator
	1C	2C	3C	1C	2C	3C	
Development Pending							
Impala South East Infill	6.0	10.8	18.8	0.2	0.4	0.8	Sonangol P&P
Impala Infill	1.0	3.0	4.8	0.0	0.1	0.2	Sonangol P&P
Palanca Infill	1.5	4.4	7.6	0.1	0.2	0.3	Sonangol P&P
Total Development Pending	8.6	18.2	31.2	0.3	0.7	1.2	Sonangol P&P
Development Unclarified							
Cobo Workovers to the labe Formation	0.2	1.1	5.8	0.0	0.0	0.2	Sonangol P&P
Development Not Viable							
Licence Extension from 2041 to 2045	12.0	22.6	33.2	0.5	0.9	1.3	Sonangol P&P
<b>Total All Contingent Resource Classes</b>	<b>20.8</b>	<b>41.9</b>	<b>70.3</b>	<b>0.8</b>	<b>1.7</b>	<b>2.8</b>	Sonangol P&P

## Notes

1. Volumes shown are unrisked oil Contingent Resources that have not been risked for chance of development.
2. Afentra Working Interest Contingent Resources are based upon a post transaction working interest of 4.00%; for the Development Not Viable Contingent Resources it has been assumed that Afentra's Working Interest would remain unchanged in the event the licence is extended from end 2040 to end 2045.
3. Afentra Net Entitlement Contingent Resources are not disclosed because an economic evaluation of these volumes has not been performed. There is no certainty that any of the Contingent Resources shown are economically viable.
4. Totals are added arithmetically which means statistically there is a greater than 90% chance of exceeding the Total 1C and less than a 10% chance of exceeding the Total 3C.

**Table A4.3: Unrisked Contingent Resources attributable to INA Transaction Beyond 2040 Licence Expiry**

Oil Unrisked CR 2041 - 2045	Gross (MMstb)			Afenra Working Interest (MMstb)		
	1C	2C	3C	1C	2C	3C
NFA in aggregate	3.5	6.1	9.1	0.1	0.2	0.4
WI Restoration in aggregate	8.2	14.8	21.5	0.3	0.6	0.9
Other Projects in aggregate	0.4	1.7	2.6	0.0	0.1	0.1
<b>Total Contingent Resources</b>	<b>12.0</b>	<b>22.6</b>	<b>33.2</b>	<b>0.5</b>	<b>0.9</b>	<b>1.3</b>

## Notes

1. Other Projects are the Palanca F2 platform restart, two Cobo Pinda workovers, and the Well IMP-001R restart.
2. Totals are added arithmetically.

Table A4.4: Results of Economic Analysis attributable to INA Transaction as of 31 March 2022

Block 3/05 Developed and Undeveloped Summary	Economic Limit (Year)	Net NPV				
		0% (US \$MM)	5% (US \$MM)	10% (US \$MM)	15% (US \$MM)	20% (US \$MM)
<b>Developed Producing</b>						
NFA 1P	2029	17.6	16.1	14.9	13.9	13.1
NFA 2P	2040	43.2	34.2	28.5	24.5	21.6
NFA 3P	2040	50.6	39.8	33.1	28.6	25.3
<b>Undeveloped</b>						
Water Injection Restoration						
1P	2040	9.0	4.7	2.5	1.3	0.7
2P	2040	14.1	8.0	4.9	3.1	2.1
3P	2040	26.8	15.5	9.5	6.2	4.3
Palanca F2 Platform Restart						
1P	2040	2.2	1.3	0.8	0.4	0.2
2P	2040	2.7	1.8	1.3	0.9	0.7
3P	2040	3.8	2.5	1.8	1.3	1.0
Cobo Pinda Workovers						
1P	2040	-0.1	-0.3	-0.4	-0.4	-0.5
2P	2040	1.0	0.6	0.3	0.1	0.0
3P	2040	2.1	1.3	0.8	0.6	0.4
Impala IMP-001R Restart						
1P	2040	0.3	0.2	0.2	0.2	0.2
2P	2040	0.3	0.3	0.2	0.2	0.2
3P	2040	0.5	0.3	0.3	0.2	0.2
<b>Total Undeveloped</b>						
1P	2040	11.4	6.0	3.1	1.5	0.6
2P	2040	18.2	10.7	6.6	4.3	2.9
3P	2040	33.2	19.6	12.4	8.3	5.8
<b>Total Developed plus Undeveloped</b>						
1P	2040	29.0	22.1	18.1	15.4	13.6
2P	2040	61.4	44.9	35.1	28.8	24.5
3P	2040	83.7	59.4	45.5	36.9	31.2

## Notes

1. Economics for the Palanca F2 platform restart, the Well Cobo-001R workover and the Well IMP-001R restart have been determined on an incremental basis to the combined NFA plus water injection restoration scenarios.
2. Totals are added arithmetically.

