



Afentra 

AFRICAN ENERGY TRANSITION

20 September 2023

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Afentra Corporate Formation

Foundation and road to success

STERLING ENERGY
PLC

Afentra

Feb–Mar 2021

New leadership & owners

(i) P.McDade & I.Cloke appointed executive directors

(ii) Replaced key shareholders (44.89% of issued shares) with new owners

(iii) J.MacDonald and G.Wilson appointed Chairman and NED, replacing outgoing directors

Apr–May 2021

Re-brand & official launch

Implementing a new, buy-and-build strategy to capitalise on opportunities resulting from the accelerating energy transition on the African continent

Apr & July 2022

Foundational transactions

Sonangol
INA

Signed SPAs with Sonangol and INA for assets offshore Angola, constituting a Reverse takeover (Rule 14, AIM Rules)

July 2023

3rd acquisition

AZULE ENERGY

Signed SPA to acquire Azule Energy's interests in Blocks 3/05 and 3/05A. Amended SPA with Sonangol for Block 3/05 acquisition.

Sept 2023

Re-admission to AIM

Publication of Admission Document; resumption of trading on AIM. Deal completion expected 4Q 23.

Afentra Management



Joined 2021

TULLOH OIL
LASTMO
KUPPEC
ERCE
ConocoPhillips

Paul McDade

Chief Executive Officer

35 years in international oil & gas



Joined 2021

TULLOH OIL
ExxonMobil
LASTMO
ConocoPhillips

Ian Cloke

Chief Operating Officer

>25 years in international oil & gas



Joined 2021

TULLOH OIL
FLOWSTREAM
FIRSTRESERVE
Goldman Sachs
P&S
Merill Lynch

Anastasia Deulina

Chief Financial Officer

>20 years in global, tier-1 financial institutions and energy corporates

Afentra's founding principles (April 2021)



The Global Energy Transition will take time.



Hydrocarbons are part of the transition and will continue to remain important in the overall energy mix.



It is vitally important that we responsibly manage what has already been found.



The socio-economic impact of the energy transition needs to be considered alongside the climate impact.



Afentra was formed to deliver this balance and create significant value for shareholders.

Delivering Value Enhancing Transactions

Combination of transactions builds a material position in both Blocks 3/05 and 3/05A

Significant equity in material Production and Development Portfolio

- Completion of INA, Sonangol and Azule acquisitions will deliver material equity: Block 3/05 (30%) and Block 3/05A (21.33%)
- Net 2P Reserves of ~33 mmbo and net 2C resources of ~20 mmbo; Net Production of ~5,700bopd
- Significant upside potential through:
 - improved recovery from the over 3 billion bbls in place in Block 3/05
 - development of multiple fully appraised discoveries in Block 3/05A

Value Accretive Deals in Attractive Investment Environment

- Acquisition cost of ~\$3.4/bbl across three transactions; strong net cashflow results in short term payback
- Benefit of accrued cashflow from effective dates will reduce combined completion payment to ~\$56m
- First crude cargo sale in August, 300,000 bbls sold at \$88/bbl realizing pre-tax sales of \$26.4m
- Block 3/05 license extended to 2040 approved and Improved fiscal terms in process of being approved

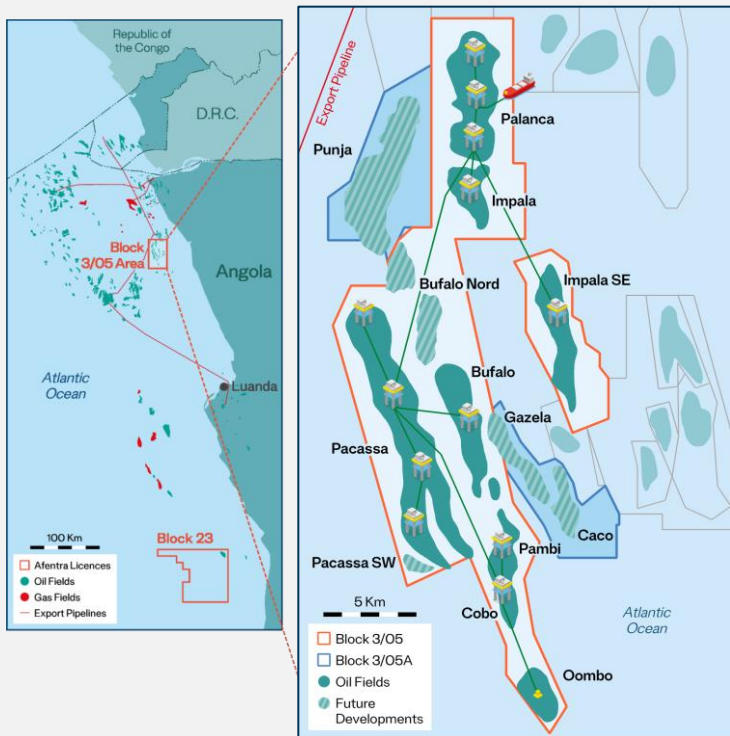
Improvements to asset performance positively impacting delivery

- Program of light well interventions underway and delivering increased production; current production >20,000 bopd
- Updated Competent Persons Report demonstrates positive impact with 1H 23 reserves replacement of >150%**
- Block 3/05A production test contributing to revenues and providing critical development data

*Assumes that the default China Sonangol interests have been redistributed pro-rata amongst existing Partners, increasing Afentra's interest in Block 3/05A from 4% to 5.33% post-INA Acquisition and from 16% to 21.33% post-Azule Acquisition completion

**Based on a management calculation, using the Block 3/05 2P reserves from the Competent Person's Report effective 30 June 2023 and operator's production reports

Blocks 3/05 & 3/05A: Production & future development asset



Block 3/05 (Congo basin) – 30%¹

- **Material shallow water, long life, low decline asset** with extensive infrastructure covering 8 fields with OIIP in excess of 3 billion barrels, only 43% recovery to date
- **August 2023 production averaged ~21,000 bopd**
 - H1 2023 production averaged ~18,000 bopd, demonstrating the benefit of restoration works over Q1'23 in addition to the well intervention works completed to date.
 - 2P reserves of 110 mmbbl (net 33mmbbl) and 2C resources of 44 mmbbl (net 13mmbbl)³
- **Key 2023/2024 activities:**
 - Water injection rates have increased, averaging ~38,000 bwpd in H1'23
 - Ongoing investment in infrastructure to enhance reliability and uptime
 - Light well interventions ongoing with a further 30 interventions in next 18 months, including acid wash, well perforations and installation of artificial lift
 - A gas management workstream has commenced to examine a holistic solution for gas which could enable a material reduction of emissions in medium-to-long term

Block 3/05A (Congo basin) – 21.33%^{2,3}

- 3 appraised discoveries offering near term production growth
- Over 300 mmbbl of oil in place, 2C resources of 33 mmbbl (net 7mmbbl)³
- Long-term testing continues at the Gazela field of an additional 1,450bopd, enabling framing of potential development options
- Development concept works ongoing to frame Punja development opportunity

¹ Upon completion of the Azule and Sonangol transactions (adjusted working interest, July 2023), Afentra's working interest in Block 3/05 increases from 4% to 30%

² Assumes the default China Sonangol interests have been redistributed pro-rata amongst existing Partners, increasing Afentra's interest in Block 3/05A from 4% to 5.33% (post-INA) and from 16% to 21.33% (post-Azule)

³ 2023 CPR estimated 1P/2P/3P of 73/110/147 mmbbls (gross) at 30.6.23 effective date. Caco-Gazela & Punja resources not included in 2023 CPR. Block 3/05A 2C resources of 33 mmbbls (gross) based on Afentra resource estimate effective 1 July 2023

Delivering against a clear and focused strategy

Building a material African independent

ESTABLISHED

brand and team

- Strategy built around helping Africa produce oil and gas responsibly, achieving scale through acquisition of production assets and discovered resources from the accelerating regional energy transition
- Robust governance structure and strengthened board of directors
- Strengthened organisation with recruitment of high calibre talent with history of identifying, assessing and acquiring high-quality assets



RELATIONSHIPS

across West Africa, industry & capital markets

- Strengthened profile in industry as a credible counterparty of choice across West Africa focus region
- Regional network and experience enables efficient high-grading of M&A
- Supportive equity and debt capital markets through continuous engagement, providing access to capital to execute and guide on M&A strategy

SMART DEAL-MAKING

structured attractively

- Three non-dilutive deals from a starting cash balance of ~\$40m at 30 June 2021
- Low entry cost with implied acquisition cost of ~\$3.4/bbl¹ and short payback
- Quality production assets and discovered resources with low-cost upside, delivering material cashflow

ROBUST FINANCIAL POSITION

to grow both organically and inorganically

- Secured debt facilities with Mauritius Commercial Bank and Trafigura to fund transactions and working capital
- Low completion settlements through deal structuring (protecting downside) and strong cash flow foundation enabling organic and inorganic growth
- Cash at 30 June 2023 of \$15.7m²

NEXT STEPS

- Publication of Admission Document
18 September 2023
- Shareholder vote
5 October 2023
- Governmental approval completion of transactions
Q4 2023
- Readmission of Enlarged Group
Q4 2023

¹ Based on CPR 2P reserves of 110 mmbbls, effective 30/6/2023

² Including restricted funds of \$8.0m



Sustainable change

**Uniquely positioned to capitalise on
the African Energy Transition**

1.

Significant hydrocarbon resource base in Africa with material M&A pipeline

2.

Gap in market for credible operators to facilitate safe and responsible transition

3.

Proven team with significant experience of working in Africa

4.

Committed to responsible stewardship and positive stakeholder outcomes

5.

African Energy Transition provides compelling investment opportunity

Azule SPA and Sonangol Acquisition Update

Combination of transactions builds a material position in both Blocks 3/05 and 3/05A

Azule SPA, 19 July 2023

- Attractive incremental acquisition increasing Afentra's interests in Blocks 3/05 (+12%) and 3/05A (+16%)¹
- Total consideration of up to \$84.5m, split \$48.5m upfront and up to \$36m in contingent payments²
- Deal funded through agreed capacity within debt facilities³ and existing cash on balance sheet
- Low entry cost ~\$3.4/bbl and access to a further ~7 mmbbls of 2C resources in Block 3/05A⁴
- Positive asset economics from higher associated cost pool & improved fiscal terms anticipated from 3/05 licence extension
- Effective date 1 October 2022
- Acquisition constitutes an RTO by AIM Rules suspending trading of Afentra shares until publication of Admission Document

Amended Sonangol Acquisition, 19 July 2023

- Acquiring a reduced working interest in Block 3/05, from 20% to 14%
- Ensures Sonangol's support for Azule transaction and an appropriate balance of equity interests in Block 3/05
- Firm and contingent considerations reduce to \$56m and up to \$35m, respectively (terms remaining unchanged)⁵
- Effective date 20 April 2022 (unchanged)

Combined acquisitions

- Increases Afentra interests to 30% in Block 3/05 and 21.33%¹ in Block 3/05A
- Increases net production to ~5.7 kbbbl/d;⁶ net 2P reserves to ~33 mmbbls; net 2C resources ~20 mmbbls⁴
- Completion of both acquisitions expected in Q4'23 following shareholder approval

Block 3/05	Post completion interests		
	INA deal	Sonangol deal	Azule deal
Sonangol (op.)	50%	36%	36%
Afentra	4% → 18% → 30%		
Maurel & Prom	20%	20%	20%
etu energias	10%	10%	10%
NIS Naftagas	4%	4%	4%
Azule Energy	12%	12%	0%

Block 3/05A ¹	Post completion interests		
	INA deal	Sonangol deal	Azule deal
Sonangol (op.)	33.33%	33.33%	33.33%
Maurel & Prom	26.67%	26.67%	26.67%
Afentra	5.33% → 5.33% → 21.33%		
etu energias	13.33%	13.33%	13.33%
NIS Naftagas	5.33%	5.33%	5.33%
Azule Energy	16.00%	16.00%	0%

¹ Assumes that the default China Sonangol interests have been redistributed pro-rata amongst existing Partners, increasing Afentra's interest in Block 3/05A from 4% to 5.33% (post-INA) and from 16% to 21.33% (post-Azule)

² Up to \$21m in contingent payments payable on a sliding scale above Brent price of \$75/bbl with an annual cap of \$7m over the years 2023, 2024 & 2025; and up to \$15m in contingent consideration linked to the successful future development of the Caco-Gazela and Punja discoveries (split \$7.5m equally), payable 1 year after first oil subject to a Brent price of \$75/bbl and production hurdles

³ The RBL facility between Trafigura and Mauritius Commercial Bank has a limit of \$110m of which up to \$75m is available for the Sonangol and INA transactions and up to \$35m available for the Azule transaction

⁴ Based on the Competent Persons Report on Block 3/05 effective 30 June 2023, estimating 2P reserves of 110 mmbbls (gross) and 2C resources of 44 mmbbls (gross). Block 3/05A 2C resources are based on an Afentra resource estimate effective 30 June 2023 of 33 mmbbls (gross)

⁵ Firm and contingent considerations reducing from \$80m to \$56m and from up to \$50m to up to \$35m (capped at \$3.5m p.a. for an unchanged 10-year period commencing 1 January 2023 and oil price hurdle of \$65/bbl)

⁶ Including gross production currently being tested at the Gazela field on Block 3/05A of an additional 1,450 bbl/d

Building a material position across both Blocks 3/05 and 3/05A

Acquisition structures for Block 3/05 and 3/05A transactions

Detailed acquisition structure (at SPA)		INA		Sonangol ²		Azule		Aggregate	
		Bl. 3/05	Bl. 3/05A	Bl. 3/05	Bl. 3/05A	Bl. 3/05	Bl. 3/05A	Bl. 3/05	Bl. 3/05A
Working interest acquired		4%	5.33% ¹	14%	0%	12%	16% ¹	30%	21.33% ¹
Effective date		30-Sep-21		20-Apr-22		1-Oct-22		-	
Completion date (expected)		05-May-23		(Q4 2023)		(Q4 2023)		(Q4 2023)	
Initial consideration	\$m	9	3	56	-	47.5	1	112.5	4
Licence extension payment	\$m	10 ³	-	-	-	-	-	10	-
Brent price linked contingent payment	\$m	Up to 6 ⁴	-	Up to 35 ⁵	-	Up to 21 ⁶	-	Up to 62	-
Future developments linked contingent payment	\$m	-	5 ⁷	-	-	-	Up to 15 ⁸	-	Up to 20
Total Consideration	\$m	Up to 25	Up to 8	Up to 91	-	Up to 68.5	Up to 16	Up to 184.5	Up to 24

¹ Assumes that the default China Sonangol interests have been redistributed pro-rata amongst existing Partners, increasing Afentra's interest in Block 3/05A from 4% to 5.33% (post-INA) and from 16% to 21.33% (post-Azule)

² The Sonangol Acquisition also includes the acquisition of a 40% WI in exploration Block 23 for a consideration of \$0.5m

³ Block 3/05 licence term was extended to 2040 on 17 May 2023 satisfying a condition precedent for the Sonangol Acquisition and triggering the contingent payment of \$10m to INA

⁴ Payable as \$2m per annum, over 3 years, and paid as a 30% share of revenue upside above Brent price of \$65/bbl

⁵ Payable as \$3.5m per annum over 10 years commencing 1 January 2023, subject to minimum Brent price of \$65/bbl and minimum annual production of 15,000 bbl/d

⁶ Payable on a sliding scale above a Brent price of \$75/bbl with an annual cap of \$7m over the years 2023, 2024 & 2025

⁷ Subject to successful development of existing discoveries and a minimum Brent price of \$65/bbl

⁸ Payable 1 year from first oil date and split equally between Caco-Gazela and Punja (\$7.5m each), subject to annual average Brent price of US\$75/bbl and minimum average annual production of 5 kbb/d from both fields

Attraction in acquiring Azule barrels

Comparison of Block 3/05 transactions

Block 3/05 acquisition metrics (at SPA)		INA		Sonangol		Azule		Comments
		Net WI	Per % WI	Net WI	Per % WI	Net WI	Per % WI	
Working interest acquired		4%	1%	14%	1%	12%	1%	30% combined interest
Effective date		30-Sep-21		20-April-2022		1-Oct-22		-
Completion date		05-May-23		Q4 2023		Q4 2023		-
Firm consideration	US\$m	19	4.75	56	4.00	47.5	3.96	Similar price per % WI across 3 deals
Max. contingent consideration	US\$m	6 ¹	1.5	35 ²	2.5	21 ³	1.75	Azule lower on max contingent payment vs Sonangol
Period of payment	years	3 years		10 years		3 years		Shorter payment period for Azule interests
Trigger price for contingents	US\$/bbl	\$65/bbl		\$65/bbl		\$75/bbl at incremental units of Brent price increase		Significantly higher oil price threshold for Azule interests vs Sonangol
Threshold price triggering max contingent payment	US\$/bbl	30% revenue share		\$65/bbl		\$122/bbl		Much more price headroom for Azule to pay max contingent vs Sonangol bullet payment
Cost pool	US\$m	-	~1.6x Sonangol ⁴	-	-	-	~1.8x Sonangol ⁴	Significant cost pool advantage for Azule
Total Consideration	US\$m	Up to 25		Up to 91		Up to 68.5		

¹ Payable as US\$2m per annum, over 3 years, paid as a 30% share of revenue upside above Brent price of \$65/bbl

² Payable as US\$3.5m per annum over 10 years, subject to minimum Brent price of \$65/bbl and minimum annual production of 15,000 bbl/d

³ Payable as US\$150k for each unit of Brent price increment above US\$75/bbl with an annual cap of US\$7m over the years 2023, 2024 & 2025, and requiring a minimum 1 lifting per year

⁴ Ratio relative to Sonangol cost pool per % working interest - cost pool source data supported by cost recovery statements provided by the Operator

INA deal, completed May 2023

Significant offset to completion costs with earned cash flow & stock at completion

INA Transaction

Block 3/05 (4%), Block 3/05A (5.33%)¹ – effective date 30 September 2021

Completion Date – 5 May 2023	\$ million
Upfront consideration	12.0
Working capital & interests ²	4.8
Contingent consideration due	2.0
Asset cashflow contribution ³	(1.8)
Net completion payment to INA	17.0
Licence extension payment⁴	10.0
Stock entitlement at completion 207,868 bbls	~16.6⁵

¹ Subject to final approval of the distribution of the China Sonangol International interest to remaining joint venture partners, Afentra's working interest in Block 3/05A (post-INA completion only) would increase from 4% to 5.33%

² Working capital adjustments and interest on consideration from effective date to completion date

³ Asset cashflow generation from effective date to completion, comprising crude oil sales less cash calls paid, excluding significant stock-in-tank inherited at completion

Transaction status & funding

- **Transaction completion**
 - Government approval received in January 2023
 - Completion documentation finalised on 5 May 2023
- **Funding of \$27.0m net upfront consideration and escrow deposit**
 - \$18.9m debt facilities
 - \$8.1m cash
- **Further contingent payments**
 - Up to \$4m over 2 years subject to oil price hurdles⁶
 - Up to \$5m subject to Block 3/05A future developments⁷

⁴ Paid to INA on 17 May 2023 following Block 3/05 license extension approval

⁵ Sold in August together with its share of oil produced from Block 3/05 since completion of the INA Acquisitions. The sales price inclusive of the Brent premium was \$88/bbl. This wording is at page 22 of the Admission Document

⁶ Calculated as 30% share of revenue upside above Brent price of \$65/bbl with an annual cap of \$2m

⁷ Subject to development of existing discoveries and a minimum Brent price of \$65/bbl