AFRICA OIL CORP.

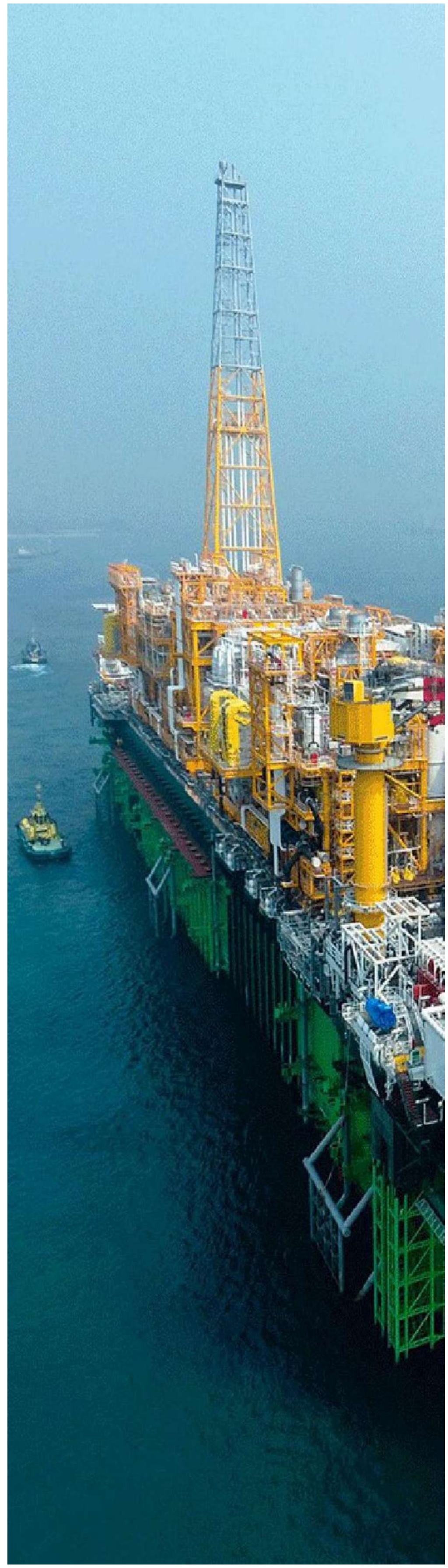
NOTICE OF THE SPECIAL MEETING AND MANAGEMENT INFORMATION CIRCULAR

WITH RESPECT TO THE PROPOSED AMALGAMATION OF BTG PACTUAL HOLDING S.À R.L. AND AFRICA OIL PAPA CORP.

SEPTEMBER 13, 2024

AFRICAOILCORP.COM

TABLE OF CONTENTS



NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS

You are invited to a special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of Africa Oil Corp. ("**Africa Oil**"). The Meeting will be held:

Date and Time:

October 15, 2024
9:00 a.m. (Pacific time)

Location:

Bennett Jones LLP
Fraser Boardroom, Park Place, 666
Burrard St #2500, Vancouver V6C 2X8

The purpose of the Meeting is as follows:

1. to consider and, if deemed advisable, to approve an ordinary resolution (the "**Amalgamation Resolution**") approving the issuance of Common Shares to BTG Pactual Oil & Gas S.à r.l. in connection with the amalgamation of Africa Oil Papa Corp., a wholly owned subsidiary of Africa Oil, and BTG Pactual Holding S.à r.l.; and

2. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Full details of the above matters are set out in the management information circular (the "**Circular**") which accompanies this notice of Meeting.

Only Shareholders of record at the close of business on September 13, 2024 (the "**Record Date**") are entitled to notice of, to participate in, and to vote at the Meeting, or any adjournment thereof, unless, after the Record Date, a holder of record transfers his, her or its Common Shares and the transferee, upon producing properly endorsed certificates evidencing such Common Shares or otherwise establishing that he, she or it owns such Common Shares, requests, not later than ten days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

Registered Shareholders may participate in, and vote at, the Meeting or any adjournment thereof, or they may appoint another person (who need not be a Shareholder) as their proxy to participate in the Meeting and vote in their place. If you appoint a non-management proxyholder, please ensure that they participate in the Meeting for your vote to be counted.

Shareholders who, on the Record Date, hold their securities through Euroclear Sweden AB will receive a voting instruction form by mail directly from Computershare AB. The voting instruction form cannot be used to vote securities directly at the Meeting. Instead, the voting instruction form must be completed and returned to Computershare AB, strictly in accordance with the instructions and deadlines that will be described in the instructions provided with the voting instruction form. Shareholders whose holdings through Euroclear Sweden AB are registered in the name of an intermediary will receive instructions from their intermediary on how to vote at the Meeting.

Each Common Share is entitled to one vote at the Meeting. In order for the Amalgamation Resolution to be effective, it must be approved by a simple majority (50%+1) of the eligible votes cast with respect to such resolution by Shareholders present in person or by proxy at the Meeting.

Your Vote is Important

This notice of the Meeting is accompanied by the Circular and a proxy form or voting instruction form. Please vote using the proxy form or voting instruction form accompanying the Circular and return it according to the instructions provided before 11:00 a.m. (Central European time) on October 8, 2024, if your Common Shares trade on the Nasdaq Stockholm Exchange and before 9:00 a.m. (Pacific time) on October 10, 2024, if your Common Shares trade on the Toronto Stock Exchange.

DATED at Vancouver, British Columbia the 13th day of September, 2024.

BY ORDER OF THE BOARD OF DIRECTORS
(Signed) "*Roger Tucker*"

Roger Tucker
President and Chief Executive Officer

GLOSSARY

A	"Acquisition Proposal"	has the meaning ascribed thereto in the Amalgamation Agreement;
	"Act"	means the *Business Corporations Act* (British Columbia);
	"Africa Oil" or the "Company"	means Africa Oil Corp.;
	"Africa Oil Adjustment Amount"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Adjustment to Consideration";
	"Africa Oil Adjustment Statement"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Adjustment to Consideration";
	"Africa Oil Annual Financial Statements"	has the meaning ascribed thereto under "Information Concerning Africa Oil - Documents Incorporated by Reference";
	"Africa Oil Distribution Amount"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Adjustment to Consideration";
	"Africa Oil Repurchase Amount"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Adjustment to Consideration";
	"Africa Oil Termination Fee"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Termination Fees";
	"Africa Oil Termination Fee Event"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Termination Fees";
	"Africa Oil Transaction Expenses"	means the costs and expenses incurred in connection with the Fairness Opinion;
	"AIF"	means annual information form;
	"Amalco"	means the amalgamated company arising as a result of the Amalgamation;
	"Amalco Share"	means a common share in the authorized structure of Amalco;
	"Amalgamation"	means the amalgamation of BTG and ReorgCo pursuant to Section 269 of the Act and the terms of the Amalgamation Agreement;
	"Amalgamation Agreement"	means the amalgamation agreement dated June 23, 2024 between Africa Oil, ReorgCo, BTG and BTG Oil & Gas;
	"Amalgamation Application"	means the amalgamation application that will be filed with the Registrar under Section 275(1)(a) of the Act to give effect to the Amalgamation, substantially in the form set out in Appendix B to the Amalgamation Agreement;
	"Amalgamation Resolution"	has the meaning ascribed thereto under "Approval Of The Amalgamation Resolution - Shareholder Approval of the Amalgamation Resolution";
B	"Base Dividend"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation - Anticipated Benefits of the Amalgamation";
	"Board"	means the board of directors of Africa Oil, as constituted from time to time;
	"Board Recommendation"	means the unanimous recommendation by the Board in this Circular that the Shareholders vote in favour of the Amalgamation Resolution;
	"boe"	means barrel of oil equivalent;
	"boepd"	means barrel of oil equivalent per day;
	"Bought Deal Financing"	has the meaning ascribed thereto under "Investor Rights Agreement";
	"BTG"	means BTG Pactual Holding S.à r.l.;
	"BTG Adjustment Amount"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Adjustment to Consideration";
	"BTG Adjustment Statement"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Adjustment to Consideration";
	"BTG Annual Financial Statements"	has the meaning ascribed thereto under "Information Concerning BTG";
	"BTG Financial Statements"	has the meaning ascribed thereto under "Information Concerning BTG";
	"BTG Nominees"	means the Persons nominated by BTG Oil & Gas pursuant to the Investor Rights Agreement to become directors of Africa Oil as of the Effective Time;
	"BTG Oil & Gas"	means BTG Pactual Oil & Gas S.à r.l.;
	"BTG Pactual"	means Banco BTG Pactual S.A.;
	"BTG Pre-Closing Reorganization"	means the pre-closing reorganization of BTG, which shall include the

		Continuance;
	"BTG Shares"	means, prior to the Continuance, all of the issued and outstanding ordinary shares in the capital of BTG and, following the Continuance, all of the issued and outstanding common shares in the authorized share structure of BTG;
	"BTG Termination Fee"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Termination Fees";
	"BTG Termination Fee Event"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Termination Fees";
	"Business Day"	means a day other than a Saturday, Sunday or other than a day when banks in Vancouver, British Columbia, Sao Paulo, Brazil or London, England are not generally open for business;
C	"Change in Recommendation"	means the Board shall have taken any of the following actions (i) failed to make the Board Recommendation or withdrawn, amended, qualified or modified in a manner adverse to BTG the Board Recommendation or publicly stated an intention to do so (it being understood that publicly taking no position or a neutral position with respect to a publicly announced or otherwise publicly disclosed Acquisition Proposal for a period of five Business Days (or until the third Business Day prior to the date of the Meeting, if sooner) shall not be considered an adverse modification); (ii) accepted, endorsed, approved or recommended, or publicly proposed to accept, endorse, approve or recommend, an Acquisition Proposal or entered into a binding written agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 3.3(b) of the Amalgamation Agreement); or (iii) failed to publicly reaffirm the Board Recommendation without qualification within five Business Days of any written request by BTG to do so (or in the event that the Meeting is scheduled to occur within such five Business Day period, by the third Business Day prior to the Meeting);
	"Circular"	means this management information circular;
	"Closing Time"	means 6:00 a.m. (Vancouver time) on the Effective Date unless otherwise agreed by BTG and Africa Oil;
	"COGE Handbook"	means the Canadian Oil and Gas Evaluation Handbook;
	"Common Share"	means an issued and outstanding common share in the authorized share structure of Africa Oil;
	"Computershare"	means Computershare Investor Services Inc.;
	"Computershare Sweden"	means Computershare AB;
	"Confidentiality Agreement"	means the confidentiality agreement between BTG and Africa Oil dated as of November 21, 2023, as amended;
	"Contingent Resources"	has the meaning ascribed thereto under "Advisory Regarding Oil and Gas Information";
	"Continuance"	means the continuance of BTG, prior to the Effective Time, as a company under the Act without dissolution and/or discontinuation as part of the BTG Pre-Closing Reorganization;
	"Continuance Date"	means the date on which the Continuance Time occurs;
	"Continuance Time"	means the time at which the Registrar issues a certificate of continuation to BTG;
	"CUOA"	means the contractor unit operating agreement for the Agbami field dated February 13, 2005, as amended and/or restated from time to time;
	"CUOA Clearance"	has the meaning ascribed thereto under "The Amalgamation Agreement – Conditions Precedent";
D	"Demand Registration"	has the meaning ascribed thereto under "Investor Rights Agreement";
	"Demand Registration Right"	has the meaning ascribed thereto under "Investor Rights Agreement";
	"Determination Date"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Adjustment to Consideration";
	"Dividend Policy"	has the meaning ascribed thereto under "Investor Rights Agreement";
E	"E&A"	means exploration and appraisal;
	"E&P"	means exploration and production;
	"Effective Date"	means the date the Amalgamation becomes effective under the Act;
	"Effective Time"	means the time the Amalgamation becomes effective under the Act;

	"Equity Financing"	has the meaning ascribed thereto under "Investor Rights Agreement";
	"Equity Securities"	has the meaning ascribed thereto under "Investor Rights Agreement";
	"EU Prospectus Regulation"	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market;
	"Euroclear Registered Securities"	has the meaning ascribed thereto under "Proxy Solicitation and Voting - Voting Procedures - Voting Procedures if your Shares Trade on Nasdaq Stockholm";
	"Euroclear Sweden"	means the central securities depository in Sweden run by Euroclear Sweden AB;
	"Evercore"	means Evercore Partners International LLP;
	"Exchange Ratio"	means the exchange of BTG Oil & Gas' 50% interest in Prime for newly issued Common Shares resulting in BTG Oil & Gas holding 35.15% of the pro forma outstanding share capital of Africa Oil as of the date of the Amalgamation Agreement;
F	"Fairness Opinion"	means the fairness opinion of Evercore, to the effect that, as of such date, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the Exchange Ratio pursuant to the Amalgamation, is fair, from a financial point of view, to the Company, as set out in Schedule F;
	"free cash flow"	has the meaning ascribed thereto under "Non-IFRS Measures";
G	"Governmental Entity"	means any: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, commission, official, board or authority of any of the foregoing; or (iii) quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including any stock exchange;
H	"Hedging Policy"	has the meaning ascribed thereto under "Investor Rights Agreement";
I	"IFRS Accounting Standards"	means International Financial Reporting Standards, as issued by the International Accounting Standards Board;
	"Interim Period Committee"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Interim Period Committee";
	"Intermediary"	means, collectively, a broker, investment dealer, bank, trust company, trustee, nominee or other intermediary;
	"Investor Rights Agreement"	means the investor rights agreement between Africa Oil and BTG Oil & Gas dated June 23, 2024;
M	"Market Capitalization"	means the volume weighted average trading price of the Common Shares on the TSX for the thirty (30) trading days ending on the last trading day prior to the date of the Amalgamation Agreement multiplied by the number of Common Shares issued and outstanding as of the close of business on that day;
	"Matching Period"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Mutual Covenants Regarding Non-Solicitation";
	"Material Adverse Change" or "Material Adverse Effect"	has the meaning ascribed thereto in the Amalgamation Agreement;
	"Materially Affect Control"	has the meaning ascribed thereto under "Approval of the Amalgamation Resolution - TSX Share Issuance Requirements";
	"Meeting"	means the special meeting of Shareholders to be held on October 15, 2024;
	"MMboe"	means millions of barrels of oil equivalent;
N	"Nasdaq Stockholm"	means the regulated market operated by Nasdaq in Stockholm, Sweden, governed by the Swedish Securities Market Act (Sw. lag (2007:528) om värdepappersmarknaden) and subject to the supervision by the Swedish Financial Supervisory Authority;
	"NI 51-101"	means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities;*
	"NI 62-104"	means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

O	"Orange Basin"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation - Anticipated Benefits of the Amalgamation";
	"Other Party"	means: (i) with respect to BTG and BTG Oil & Gas, Africa Oil and ReorgCo; and (ii) with respect to Africa Oil and ReorgCo, BTG and BTG Oil & Gas;
	"Outside Date"	means September 24, 2025, provided that, if the Effective Date has not occurred by such date, then the Parties may mutually agree to extend the Outside Date by a specified period of not more than three months;
P	"Parties"	means, collectively, BTG, Africa Oil and ReorgCo; and "**Party**" means any one of them;
	"Payor"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Termination Fees";
	"Person"	includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not it has legal status;
	"Piggy-Back Registration"	has the meaning ascribed thereto under "Investor Rights Agreement";
	"Piggy-Back Registration Right"	has the meaning ascribed thereto under "Investor Rights Agreement";
	"Possible Reserves"	has the meaning ascribed thereto under "Advisory Regarding Oil and Gas Information";
	"Pre-Emptive Right"	has the meaning ascribed thereto under "Investor Rights Agreement";
	"Prime"	means Prime Oil & Gas Coöperatief U.A.;
	"Prime Annual Financial Statements"	has the meaning ascribed thereto under "Information Concerning Prime - Information Concerning Prime";
	"Prime Financial Statements"	has the meaning ascribed thereto under "Information Concerning Prime - Information Concerning Prime";
	"Prime Pre-Closing Capital Contribution"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Adjustment to Consideration";
	"Prime Pre-Closing Dividend"	has the meaning ascribed thereto under "Matters to be Acted Upon - The Amalgamation Agreement - Adjustment to Consideration";
	"Probable Reserves"	has the meaning ascribed thereto under "Advisory Regarding Oil and Gas Information";
	"Prospective Resources"	has the meaning ascribed thereto under "Advisory Regarding Oil and Gas Information";
	"Prospectus"	means the Swedish prospectus to be prepared in accordance with the EU Prospectus Regulation and approved by the Swedish Financial Supervisory Authority as competent authority in connection with the admission to trading of the Common Shares issued pursuant to the Amalgamation on Nasdaq Stockholm;
	"Proved + Probable Reserves"	has the meaning ascribed thereto under "Advisory Regarding Oil and Gas Information";
	"Proved Reserves"	has the meaning ascribed thereto under "Advisory Regarding Oil and Gas Information";
	"Proxy Deadline"	means, before 11:00 a.m. (Central European time) on October 8, 2024, for the Shareholders with Common Shares trading on the Nasdaq Stockholm, and before 9:00 a.m. (Pacific time) on October 10, 2024, for the Shareholders with Common Shares trading on the TSX;
R	"Record Date"	means September 13, 2024;
	"Registrar"	means the Registrar of Companies appointed pursuant to Section 400 of the Act;
	"Regulatory Approvals"	means the approvals set forth in Appendix C to the Amalgamation Agreement;
	"ReorgCo"	means Africa Oil Papa Corp.;
	"Representative"	means, in respect of a Person, such Person's officers, directors, employees, advisors (including legal and financial advisors), representatives and agents;
	"Requisite Approval"	means approval by a simple majority of votes of Shareholders cast in person or by proxy;
	"Reserves"	has the meaning ascribed thereto under "Advisory Regarding Oil and Gas Information";

S	"Shareholder"	means a holder of Common Shares;
	"Subsidiary"	means, as to any Person (in this definition, the "first Person"), any other Person (in this definition, the "second Person"): (a) in the case of a limited partnership or limited liability company, in respect of which the first Person or a Subsidiary of the first Person is the general partner, the managing member or manager thereof; (b) of which at least a majority of the outstanding equity interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or similar governing body of the second Person (irrespective of whether or not at the time any equity interests of any other class or classes of the second Person shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the first Person or one or more of its Subsidiaries; (c) in the case of a partnership other than a limited partnership, the first Person or one or more of its Subsidiaries holds more than 50% of the interests of the second Person; or (d) that the first Person consolidates for accounting purpose;
	"Superior Proposal"	has the meaning ascribed thereto in the Amalgamation Agreement;
	"Supporting Shareholders"	has the meaning ascribed thereto under "Matters to be Acted Upon - Voting Support Agreements";
T	"Top-Up Right"	has the meaning ascribed thereto under "Investor Rights Agreement";
	"TSX"	means the Toronto Stock Exchange; and
V	"Voting Support Agreements"	has the meaning ascribed thereto under "Matters to be Acted Upon - Voting Support Agreements".

MANAGEMENT INFORMATION CIRCULAR

GENERAL INFORMATION

You have received this Circular because you owned Common Shares on the Record Date. As a Shareholder, you have the right to attend the Meeting to be held on October 15, 2024 at 9:00 a.m. (Pacific time), at Bennett Jones LLP, Fraser Boardroom, Park Place, 666 Burrard St #2500, Vancouver V6C 2X8, and to vote your Common Shares in person or by proxy.

This Circular provides the Shareholders with important information regarding the Meeting, the business of the Meeting, and how you can participate and vote at the Meeting.

Management of the Company is soliciting your proxy for the Meeting. The Company will solicit proxies either by mail to your address, personally or by telephone by the directors, officers and employees of the Company. **The individuals named in the accompanying proxy form are directors or officers of the Company who will vote your Common Shares for you unless you appoint someone else to be your proxyholder. You are entitled to appoint someone else to be your proxyholder. If you appoint another Person as your proxy, they must be present at the Meeting to vote your Common Shares.**

Africa Oil's functional and reporting currency is the United States dollar. All currency amounts in this Circular are expressed in United States dollars, unless otherwise indicated. For presentational purposes share prices and foreign exchange rates are rounded to two decimal places.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under "Glossary". The terms and abbreviations used in the Schedules to this Circular are defined separately therein. Information contained in this Circular is given as of September 13, 2024 unless otherwise specifically stated.

This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this Circular nor any distribution of the securities referred to in this Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Circular. No Person has been authorized to give any information or make any representation in connection with the Amalgamation or any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Amalgamation Agreement and the Investor Rights Agreement in this Circular are qualified in their entirety by reference to the complete text of the Amalgamation Agreement, a copy of which is attached as Schedule A, and the complete text of the Investor Rights Agreement, a copy of which is attached as Schedule B. You are urged to carefully read the full text of the Amalgamation Agreement and the Investor Rights Agreement.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors in considering the relevant legal, tax, financial or other matters contained in this Circular.

ADVISORY REGARDING OIL AND GAS INFORMATION

The terms boepd (barrel of oil equivalent per day) and MMboe (millions of barrels of oil equivalent) are used in this Circular. Such terms may be misleading, particularly if used in isolation. Production data are based on a conversion ratio of six thousand cubic feet per barrel (6Mcf: 1bbl). This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value. Natural gas production and reserves, as contained in the boe figures, are from conventional fields.

In this Circular, references are made to historical and potential future oil production in Nigeria and Namibia. In all instances these references are to light and medium crude oil category in accordance with NI 51-101 and the COGE Handbook. The estimates of the reserves presented in this Circular have been evaluated by RISC (UK) Limited in accordance with NI 51-101 and the COGE Handbook, and are effective December 31, 2023. The reserves presented herein have been categorized in accordance with the reserves and resource definitions as set out in the COGE Handbook. The estimates of reserves in this Circular may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

Reserves

"**Reserves**" are estimated remaining quantities of petroleum anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be sub-classified based on development and production status.

"**Proved Reserves**" are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under existing economic conditions, operating methods and government regulations.

"**Probable Reserves**" are those additional quantities of petroleum that are less certain to be recovered than Proved Reserves, but which, together with Proved Reserves, are as likely as not to be recovered.

"**Proved + Probable Reserves**" means the aggregate of Proved Reserves and Probable Reserves.

"**Possible Reserves**" are those additional reserves that are less certain to be recovered than Probable Reserves. It is unlikely that actual remaining quantities recovered will exceed the sum of the estimated Proved + Probable plus Possible Reserves.

"**Contingent Resources**" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technologies under development but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include, but are not limited to, economic, contractual, environmental, technical, social and political factors, regulatory matters, a lack of markets, and a prolonged timetable for development. Contingent Resources are estimated using the same methods used for Reserves and require the same technical due diligence as Reserves, but they are generally estimated earlier in the life of a resource when there may be little or no production data or limited analogue information. If this is the case, there may be significant uncertainty regarding key input parameters (such as porosity, hydrocarbon saturation, net pay thickness, and recovery factors) and a high range of uncertainty in the resulting estimated volumes. Contingent Resources have a chance of development that is less than certain. Contingent Resources are further categorized according to the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status. The high confidence categories of Proved Reserves (1P) and low estimate Contingent Resources (1C) have the same levels of confidence with respect to the estimated volumes. Similarly, Proved + Probable Reserves (2P) and best estimate Contingent Resources (2C) are best case estimates that satisfy the same levels of confidence with respect to the estimated volumes. Likewise, the low confidence categories of high case estimates of Proved + Probable + Possible Reserves (3P) have the same levels of confidence as high estimate Contingent Resources (3C).

"**Prospective Resources**" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by applying future development projects. Not all exploration projects will result in discoveries. Prospective Resources have both an associated chance of discovery and a chance of development. The chance on commerciality of a Prospective Resource is the product of the chance of discovery and the chance of development. Prospective Resources are typically estimated volumetrically using a combination of analogy, with geophysics and geology to estimate the undiscovered petroleum initially in place and reservoir engineering to identify a recovery process and a range of recoverable volumes. Probabilistic methods are typically employed to incorporate the uncertainty in all input parameters. Prospective Resources are further categorized according to the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity to provide a low estimate, best case estimate and high case estimate of Prospective Resources.

NON-IFRS MEASURES

This Circular contains measures that are not generally accepted accounting principles measures under IFRS Accounting Standards. Free cash flow is a non-IFRS measure. This non-IFRS measure does not have any standardized meaning prescribed by IFRS Accounting Standards and, therefore, may not be comparable with the calculation of similar measures by other companies. The Company believes that the presentation of this non-IFRS figure provides useful information to investors and shareholders as the measure provides increased transparency to better analyze performance against prior periods on a comparable basis.

"**free cash flow**" (non-IFRS measure): total cash flow plus dividends, debt service costs and derivatives.

Non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards. A reconciliation of free cash flow can be found on page 14 of the annual management's discussion and analysis for the year ended December 31, 2023, which is available on SEDAR+ at www.sedarplus.com.

FORWARD-LOOKING INFORMATION

This Circular contains forward-looking information or statements within the meaning of applicable securities laws (together, "**forward-looking information**"). Forward-looking information include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "estimates", "intends", "seeks", "likely", "future", or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information in the Circular include, among other things, statements relating to: the Company's long-range plan to increase Shareholder value; the anticipated benefits and effect of the Amalgamation; the timing of the Meeting; the satisfaction or waiver of the conditions to the Amalgamation, including the receipt of all required regulatory and third party approvals for the Amalgamation; the anticipated Board composition and Chief Financial Officer of the Company following the completion of the Amalgamation; the completion of the Amalgamation and the anticipated Effective Date; various steps to be taken pursuant to the Amalgamation; the effect of the Amalgamation on the Company; differences between preliminary estimates and final acquisition accounting; and other statements that are not historical facts.

Various assumptions are used in making the forecasts or projections set out in forward-looking information. In some instances, material assumptions are presented elsewhere in this Circular in connection with the statements containing the forward-looking information. Shareholders are cautioned that the following list of material assumptions is not exhaustive. The material assumptions include, but are not limited to: the Parties complying with the terms and conditions of the Amalgamation Agreement; no occurrence of any event, change or other circumstance that could give rise to the termination of the Amalgamation Agreement; the approval of the Amalgamation Resolution by the Shareholders; and receiving all required regulatory and third party approvals for the Amalgamation. Although the Company considers these assumptions reasonable, there is no assurance that such assumptions will prove to be correct.

By its very nature, forward-looking information involves inherent risks and uncertainties that forward-looking information will not be achieved. As such, undue reliance should not be placed on forward-looking information. A number of important factors could cause the actual results to differ materially from expectations, estimates and intentions expressed in the forward-looking information, including those set out below and those detailed elsewhere in this Circular. Those factors include: the inability to satisfy the conditions to completion of the Amalgamation; risks relating to regulatory approvals; the occurrence of a Material Adverse Effect in respect of Africa Oil or BTG after the date of the Amalgamation giving rise to the termination of the Amalgamation Agreement; the obligation to pay the Africa Oil Termination Fee to BTG if the Amalgamation is not consummated as a result of an Africa Oil Termination Fee Event; restrictions on the Company while the Amalgamation is pending; non-solicitation obligations and right to match obligations of the Company discouraging Superior Proposals; transaction costs related to the Amalgamation, even if it is not completed; possible failure to realize anticipated benefits of the Amalgamation; risks related to the pro forma information; Shareholder dilution; risks that the attention of the Company's management will be diverted from day-to-day operations; risks regarding the value of the underlying asset; failure to realize anticipated benefits of the Amalgamation Agreement; and the other factors discussed under "Risk Factors" in this Circular and beginning on page 23 in the Company's AIF for the fiscal year ended December 31, 2023.

Readers are cautioned that the above list of factors is not exhaustive. In addition, even if actual results or developments anticipated by the Company are realized, or even if substantially realized, there can be no assurance that they will have the expected consequences to or effects on the Company or its business or operations. Readers should also carefully consider the matters discussed under the heading "Risk Factors" in this Circular and beginning on page 23 in the Company's AIF for the fiscal year ended December 31, 2023. The forward-looking information contained in this Circular is made as of the date hereof and the Company does not undertake any obligation to update publicly or revise any of such information, except as required by applicable securities laws. The forward-looking information contained herein is expressly qualified by the foregoing statements.

PROXY SOLICITATION AND VOTING

Management of the Company is soliciting your proxy for the Meeting. The Company will solicit proxies either by mail to your address, personally or by telephone by the directors, officers and employees of the Company, who will not be remunerated therefor. The Company will bear the costs incurred in the preparation and mailing of the proxy form, notice of Meeting and this Circular.

The individuals named in the accompanying proxy form are directors or officers of the Company who, if you complete and submit the proxy form, will vote your Common Shares for you unless you appoint someone else to be your proxyholder (who need not be a Shareholder). You are entitled to appoint someone else to be your proxyholder. If you appoint another Person as your proxy, they must be present at the Meeting to vote your Common Shares.

VOTING PROCEDURES IN CANADA

How you vote will depend on whether you are a registered Shareholder or a non-registered (beneficial) Shareholder.

- **Registered Shareholder**: You are a registered Shareholder of the Company if your shares are registered in your name and you have a share certificate or a Direct Registration System (DRS) Advice.

- **Non-Registered (Beneficial) Shareholder**: You are a non-registered (beneficial) Shareholder if your Intermediary holds your shares for you. Most of the Shareholders are non-registered Shareholders.

If you are unsure if you are a registered Shareholder or non-registered Shareholder, please contact Computershare at:

Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, ON M5J 2Y1
1-800-564-6253
service@computershare.com

HOW TO VOTE IF YOU ARE A REGISTERED SHAREHOLDER

In Person	**You are welcome to attend the Meeting, identify yourself to the representative from Computershare before entering the Meeting, and register your attendance at the Meeting in order to vote.**
By Mail	Complete, sign and date your proxy form and return it in the envelope provided. See additional details below on "How to Use Your Proxy Form".
By Telephone	Call 1-866-732-VOTE (8683) (toll free in Canada and the United States) from a touch-tone telephone and follow the voting instructions. International holders wishing to vote by telephone can dial 1-312-588-4290 to place their vote. You will need your 15-digit control number which is noted on your proxy form. If you vote by telephone, you cannot appoint anyone other than the appointees named on the proxy form as your proxyholder.
Online	Visit www.investorvote.com and follow the instructions on the screen. You will need your 15-digit control number which is noted on your proxy form.

HOW TO USE YOUR PROXY FORM

Complete your voting instructions, sign and date your proxy form and return it so that it is received before the Proxy Deadline or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the adjourned or postponed Meeting.

The accompanying proxy form confers authority on the named Persons in the proxy form, as proxies, with respect to any amendments or variations to the matters identified in the notice of Meeting or other matters that may properly come before the Meeting, or any adjournment or postponement thereof. The named proxies in your properly executed proxy form will be voted or withheld on such matters in accordance with your instructions. At the date of this Circular, management of the Company is not aware of any such amendments, variations or other matters which are to be presented for action at the Meeting.

If you return your proxy form and do not indicate how you want to vote your Common Shares, your Common Shares will be voted FOR the Amalgamation Resolution.

HOW YOU CAN CHANGE YOUR VOTE

If you vote using a proxy form and wish to change your vote, you may do the following:

- complete a new proxy form, date it later than the proxy form you previously submitted and provide the form to Computershare before the Proxy Deadline or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting; or

- submit a new vote by telephone or on the internet before the Proxy Deadline or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting.

HOW YOU CAN REVOKE YOUR VOTE

If you vote using a proxy form and wish to revoke your vote, you may do the following:

- attend the Meeting in-person and request to revoke your vote; or

- send a notice of revocation in writing from your authorized attorney or yourself to the Company's registered office, at suite 2500 Park Place, 666 Burrard Street, Vancouver British Columbia, V6C 2X8 before the close of business on October 10, 2024, or, in the case of any adjournment or postponement of the Meeting, by the close of business on the last Business Day before the day of the adjourned or postponed Meeting; or

- provide a notice of revocation in writing from you or your authorized attorney to the Chair of the Meeting or the Corporate Secretary on the day of the Meeting prior to the commencement of the Meeting; or

- revoke your vote in any other manner permitted by law.

HOW TO VOTE IF YOU ARE A NON-REGISTERED SHAREHOLDER

In Person

You can only vote your shares in person at the Meeting if you have previously appointed yourself as the proxyholder for your shares by inserting your name in the space provided on the voting instruction form which you should have received from your Intermediary and submitted as directed on your voting instruction form. Your voting instructions must be received by Computershare by the Proxy Deadline or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting. You should identify yourself to the representative from Computershare before entering the Meeting so you can register your attendance at the Meeting.

By Mail

Your Intermediary must ask for your voting instructions before the Meeting. Contact your Intermediary if you did not receive a voting instruction form together with this Circular. If you need to change your voting instructions once provided to your Intermediary, contact your Intermediary for additional instructions.

NOTE REGARDING PROXY VOTING EVENTS, CORPORATE ACTIONS AND INSTRUCTIONS

Shareholders that hold their Common Shares via an Intermediary, will not necessarily receive full details of corporate actions, nor of notices of Shareholder meetings, directly from the Company. Instead, Shareholders who hold Common Shares through such Intermediary should receive a notification or an alert from their Intermediary, with information and guidance on how to communicate their voting decision.

The Company is committed to enabling as much Shareholder engagement and participation as possible, and all non-registered Shareholders are therefore urged to vote at the Meeting.

If you have not been notified of this important Meeting, please contact your Intermediary directly, as your vote is important. The following link offers some guidance on how to vote your Common Shares as a Shareholder holding via platforms (not exhaustive), but you may need to check your personal records.

https://www.theaic.co.uk/how-to-vote-your-shares

Please contact your Intermediary as soon as you can in order to take part and vote by the Proxy Deadline. Although the Proxy Deadline is 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, the Intermediaries are likely to have a much shorter deadline to allow time for processing your vote decisions through the chain of responsibility.

VOTING PROCEDURES IF YOUR SHARES TRADE ON NASDAQ STOCKHOLM

The information set forth in this Section is of significance to Shareholders who hold their securities through Euroclear Sweden ("**Euroclear Registered Securities**"), which trade on Nasdaq Stockholm. Shareholders who hold Euroclear Registered Securities are not registered holders of voting securities for the purposes of voting at the Meeting. Instead, Euroclear Registered Securities are registered under CDS & Co., the registration name of the Canadian Depositary for Securities. Directly registered Shareholders of Euroclear Registered Securities will receive a voting instruction form by mail directly from Computershare Sweden. The voting instruction form cannot be used to vote securities directly at the Meeting. Instead, the voting instruction form must be completed and returned to Computershare Sweden, strictly in accordance with the instructions and deadlines that will be described in the instructions provided with the voting instruction form.

Shareholders whose holdings through Euroclear Sweden are registered in the name of an Intermediary will receive instructions from their Intermediary on how to vote at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS

The Company is authorized to issue an unlimited number of Common Shares. As the date hereof, the Company had 443,014,670 Common Shares issued and outstanding. Each Common Share is entitled to one vote.

To the Company's knowledge, Stampede Natural Resources S.a.r.l. beneficially owns or exercises control or direction over, directly or indirectly, 10% or more of the issued and outstanding Common Shares. As at the date hereof, Stampede Natural Resources S.a.r.l. holds 61,679,044 Common Shares in the Company, representing 13.9% of the Company's issued and outstanding Common Shares.

RECORD DATE

The Board has passed a resolution to fix September 13, 2024, as the Record Date for the determination of the Shareholders that will be entitled to receive notice of, to participate in and to vote at, the Meeting and any adjournment or postponement thereof.

Shareholders who, on the Record Date, hold their securities through Euroclear Sweden will receive a voting instruction form by mail directly from Computershare AB or receive instructions from their Intermediary.

MATTERS TO BE ACTED UPON

THE AMALGAMATION

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve the Amalgamation Resolution. The terms of the Amalgamation Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Amalgamation Agreement, which is attached to this Circular as Schedule A.

The information concerning BTG and BTG Oil & Gas in this Circular has been provided by BTG Oil & Gas. Although the Company has no knowledge that would indicate that such information is untrue or incomplete, the Company does not assume any responsibility for the accuracy or completeness of such information.

Each of the directors and officers of Africa Oil and Africa Oil's largest Shareholder have agreed to vote their Common Shares in favour of the Amalgamation at the Meeting pursuant to the Voting Support Agreements, subject to customary exceptions.

Purpose of the Amalgamation

The purpose of the Amalgamation is to reorganize the shareholder structure of Prime to consolidate ownership in Africa Oil. Pursuant to the Amalgamation Agreement, BTG Oil & Gas will exchange its 50% interest in Prime for newly issued Common Shares. On completion of the Amalgamation, BTG Oil & Gas will hold 239,828,655 Common Shares, representing approximately 35.15% of the pro forma outstanding share capital of Africa Oil as of the date of the Amalgamation Agreement, and Africa Oil will indirectly own 100% of Prime.

Anticipated Benefits of the Amalgamation

In the view of the Board, the Amalgamation is in the best interests of the Company and is expected to result in the creation of a differentiated upstream oil and gas company. The Amalgamation consolidates Africa Oil's ownership in its core cash generating assets and brings in a new strategically aligned investor, which is expected to support enhanced Shareholder returns and a stronger growth proposition. The enlarged Africa Oil is expected to have significant scale with robust long-term free cash flows and a low leverage balance sheet, generated by the large-scale and high netback assets in deepwater Nigeria. These assets are complemented by funded development and exploration projects in the prolific Orange Basin.

The Amalgamation is expected to provide the enlarged Africa Oil with the following strategic and financial benefits:

- 100% increase in working interest Proved + Probable Reserves and production on a pro-forma basis in Nigeria;
- the introduction of a long-term cornerstone Shareholder that is strategically aligned with Africa Oil and committed to growing a sustainable upstream oil and gas business and whose support could increase the enlarged Africa Oil's access to business opportunities and potentially unlock new sources of growth capital, while complementing Africa Oil's disciplined capital allocation and financial decision making through BTG Oil & Gas' participation on the Board;
- enabling direct control of Prime's free cash flows and balance sheet through the consolidation of Prime in the enlarged Africa Oil which will facilitate greater transparency and visibility of Prime's financial performance for Shareholders; and
- scope to streamline the business processes and decision making to achieve cost savings.

The foregoing summary of considerations by the Board is not intended to be exhaustive of all of the factors that were considered in arriving at a conclusion and making the recommendations described herein. The Board used their own knowledge of the business and prospects of Africa Oil along with the assistance of Africa Oil's management and its legal and financial advisors in their evaluation of the Amalgamation. The conclusions and recommendations of the Board were arrived at after giving consideration to the totality of the information and factors involved.

Fairness Opinion

In making its recommendation to enter into the Amalgamation Agreement, the Board considered, among other things, the Fairness Opinion provided by Evercore. On June 23, 2024, Evercore delivered its written opinion to the Board that, based upon and subject to the assumptions, limitations and qualifications contained therein, the Exchange Ratio pursuant to the Amalgamation, is fair, from a financial point of view, to the Company. The Board strongly recommends that the Shareholders read the Fairness Opinion carefully and in its entirety for a description of the procedures followed, matters considered, and limitations on the review undertaken. The Fairness Opinion addresses only the fairness from a financial point of view of the Exchange Ratio pursuant to the Amalgamation in respect to the Company. The Fairness Opinion was provided for the sole use and benefit of the Board in connection with, and for the purpose of, their consideration of the Amalgamation. The descriptions of such Fairness Opinion in this Circular, and the full text of the Fairness Opinion attached hereto as Schedule F, does not constitute a recommendation to the Board or to any other Persons in respect of the Amalgamation, including as to how any holder of Common Shares should vote or act in respect of the Amalgamation Resolution.

The Fairness Opinion was rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date of the Fairness Opinion and the condition and prospects, financial and otherwise, of Africa Oil and Prime, as they were reflected in the Information (as defined in the Fairness Opinion) and as they have been represented to Evercore in discussions with management of the Company and its representatives. The Fairness Opinion is given as of the date thereof, and Evercore has disclaimed any undertaking or obligation to advise any Person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to the attention of Evercore after the date of the Fairness Opinion.

Evercore has acted as financial advisors to Africa Oil and the Board in connection with the Amalgamation. Under its engagement letter with Evercore, Africa Oil has agreed to pay a fee for rendering the Fairness Opinion and fees for their advisory services under the engagement letter, a substantial portion of which is contingent upon the successful completion of the Amalgamation. In addition, Africa Oil has agreed to reimburse Evercore for reasonable out-of-pocket expenses and to indemnify Evercore against certain liabilities that might arise out of their engagement. The Board took these fees into account when considering the Fairness Opinion.

Recommendation and Approval of the Board

The Board has unanimously concluded that the transactions contemplated by the Amalgamation Agreement are in the best interests of the Company. The Board has therefore approved the Amalgamation and authorized the submission of the Amalgamation Resolution to the Shareholders for approval. **The Board recommends that Shareholders vote "FOR" the approval of the Amalgamation Resolution.**

The Amalgamation

Pursuant to the Amalgamation, BTG and ReorgCo will amalgamate to form Amalco, a wholly owned Subsidiary of Africa Oil. All of the issued and outstanding BTG Shares held by BTG Oil & Gas shall be exchanged for 239,828,655 fully paid and non-assessable Common Shares.

Implementation and General Effects of the Amalgamation

BTG and ReorgCo will, subject to satisfaction or waiver of the conditions precedent in the Amalgamation Agreement, as promptly as practicable following the Closing Time, jointly complete and file the Amalgamation Application with the Registrar and amalgamate and continue as Amalco.

At the Effective Time:

- the BTG Shares held by BTG Oil & Gas shall be exchanged for 239,828,655 fully paid and non-assessable Common Shares;
- each ReorgCo common share held by Africa Oil shall be exchanged for one (1) fully paid and non-assessable Amalco Share;
- the capital of Amalco in relation to the Amalco Shares shall be equal to the capital under the Act of the ReorgCo common shares immediately prior to the Amalgamation;
- the capital of Africa Oil in relation to the Common Shares issued shall be equal to the capital under the Act of the BTG Shares immediately prior to the Amalgamation;
- BTG Oil & Gas shall cease to be the holder of the BTG Shares and shall be deemed to be the registered holder of the Common Shares to which it is entitled under the Amalgamation Agreement, and shall surrender the share certificates representing such BTG Shares to Africa Oil and, upon such surrender, and as soon as reasonably practical following the Effective Time, shall be entitled to receive share certificates representing the number of Common Shares to which BTG Oil & Gas is so entitled; and
- Africa Oil, as the registered holder of ReorgCo common shares shall be deemed to be the registered holder of Amalco Shares to which it is entitled, calculated in accordance with the provisions of the Amalgamation Agreement, and may surrender the certificates representing such ReorgCo common shares to Amalco and, upon such surrender, and as soon as reasonably practical following the Effective Time, shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions of the Amalgamation Agreement.

THE AMALGAMATION AGREEMENT

The following is a summary of the material terms of the Amalgamation Agreement and is subject to, and qualified in its entirety by, the full text of the Amalgamation Agreement, attached to this Circular as Schedule A. Shareholders are urged to read the Amalgamation Agreement in its entirety.

Covenants

The Amalgamation Agreement contains customary covenants of each of Africa Oil and BTG relating to the period from the date of the Amalgamation Agreement until the earlier of the Effective Date and the termination of the Amalgamation Agreement, including, among other things, conducting business and the business of their Subsidiaries, as applicable, in the ordinary course; refraining from, and, as applicable, preventing each of their Subsidiaries from, taking certain actions outside of the ordinary course; using commercially reasonable efforts to obtain, or assist in obtaining, all necessary approvals, consents and authorizations with respect to the Amalgamation; and making all necessary filings and applications under law required to be made on the part of BTG, BTG Oil & Gas and Africa Oil in connection with the transactions contemplated in the Amalgamation Agreement.

Africa Oil has also covenanted that, from the date of the Amalgamation Agreement until the earlier of the Effective Date and the termination of the Amalgamation Agreement, it shall not, and shall cause each of its Subsidiaries not to, subject to certain exceptions:

- undertake any direct or indirect sale or disposition of its direct or indirect interest in Impact Oil and Gas Limited;

- issue or agree to issue equity securities or securities exercisable, exchangeable for, or convertible into, equity securities of Africa Oil, if such issuance would result in an issuance of equity securities of Africa Oil representing, in aggregate including all issuances after the date of the Amalgamation Agreement, 20% or more of the voting or economic rights of equity securities of Africa Oil (on a non-diluted basis) on the date of the Amalgamation Agreement;

- other than in relation to Africa Oil's long term incentive plan, issue or agree to issue any Common Shares at a price per Common Share (or any securities which are exercisable for, convertible into or exchangeable for Common Shares with a conversion price per Common Share) that is more than a 10% discount to the volume-weighted average trading price of the Common Shares on the TSX, or such other stock exchange, for the 30 trading days immediately preceding the announcement of the issuance; or

- acquire or agree to acquire any corporation, partnership or other business organization or division thereof, or make or agree to make any investment (other than to wholly-owned Subsidiaries), or purchase or agree to purchase any property or assets of any other person (other than a wholly-owned Subsidiary), in a single transaction or series of related transactions, if any of the foregoing has a transaction consideration (including any assumed debt) greater than 25% of the Market Capitalization of Africa Oil, provided that this shall not restrict an acquisition of issued and outstanding securities of Africa Oil by a third party in exchange for consideration paid by such third party.

BTG and BTG Oil & Gas have each covenanted that they shall, and shall cause their affiliates to, complete the BTG Pre-Closing Reorganization prior to the Effective Date.

For the complete text of applicable provisions related to the foregoing, see Sections 3.1 and 3.2 of the Amalgamation Agreement, which is attached to this Circular as Schedule A.

Mutual Covenants Regarding Non-Solicitation

Pursuant to Section 3.3 of the Amalgamation Agreement, each of Africa Oil, ReorgCo, BTG and BTG Oil & Gas was required to immediately cease and cause to be terminated all existing solicitations, initiations, encouragements, discussions and negotiations (including, without limitation, through any Representative or affiliate on its behalf), if any, with any Persons conducted before the date of the Amalgamation Agreement with respect to any Acquisition Proposal in respect of Africa Oil or BTG, respectively and was required to promptly discontinue access to and disclosure of all information to, and exercise any right it had to require the return or destruction of all information previously provided to, any Persons who had entered into a confidentiality agreement with such Party relating to an Acquisition Proposal in respect of Africa Oil or BTG, as applicable and was required to use all commercially reasonable efforts to ensure that such requests were honored.

Prior to the Effective Date, neither Africa Oil, ReorgCo, BTG nor BTG Oil & Gas (including, without limitation, through any Representative or affiliate on its behalf) shall, without the prior written consent of the Other Party, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following (as applicable):

(a) solicit, knowingly facilitate, initiate or knowingly encourage any Acquisition Proposal in respect of itself or any of its Subsidiaries;

(b) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal in respect of itself or any of its Subsidiaries, or furnish to any other person any information with respect to its businesses, properties, assets, operations, prospects or condition (financial or otherwise) in connection with an Acquisition Proposal in respect of itself or any of its Subsidiaries or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;

(c) waive any provisions of or release or terminate any confidentiality or standstill agreement between it and any Person relating to an actual or potential Acquisition Proposal in respect of itself or any of its Subsidiaries, or amend any such agreement or consent to the making of an Acquisition Proposal in accordance with the terms of such agreement;

(d) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements relating to an Acquisition Proposal, including, without limitation, any "standstill provisions" thereunder;

(e) in the case of Africa Oil, make a Change in Recommendation; or

(f) accept, recommend, approve or enter into or propose publicly to accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal in respect of itself or any of its Subsidiaries;

provided, however, that notwithstanding any other provision thereof, prior to the Meeting, Africa Oil, ReorgCo, BTG and BTG Oil & Gas may each, directly or indirectly:

(g) enter into or participate in any discussions or negotiations with a third party who without any solicitation, initiation or knowing encouragement, directly or indirectly, after the date of the Amalgamation Agreement by such party or any of its representatives seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement with market standard terms (provided that such confidentiality agreement shall provide for disclosure thereof along with all information provided thereunder to the Other Party as set out below), may furnish to such third party information concerning itself and its Subsidiaries and their respective business, properties and assets, in each case if, and only to the extent that:

(i) the third party has first made a Superior Proposal, provided that no Acquisition Proposal shall be a Superior Proposal if the Person making such Acquisition Proposal is in default of any standstill obligation with the Party or any of its Subsidiaries or such Acquisition Proposal resulted from or involved a material breach of Section 3.3 of the Amalgamation Agreement; and

(ii) prior to furnishing such information to or entering into or participating in any such discussions or negotiations or entering into a confidentiality and standstill agreement with such Person, the applicable Party provides prompt notice to the Other Party to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person, together with a copy of the confidentiality and standstill agreement referenced above and, if not previously provided to the Other Party, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that the applicable Party shall notify the Other Party orally and in writing of any inquiries, offers or proposals with respect to an Acquisition Proposal (which written notice shall include, without limitation, a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, if not previously provided to the Other Party, copies of all agreements, documents, material or substantive correspondence and other information provided to the applicable Party relating to the Acquisition Proposal and all other information reasonably requested by the Other Party), promptly, but in any event within 24 hours of the receipt thereof, and shall keep the Other Party informed on a current basis of the status and details of any such inquiry, offer or proposal and answer the Other Party's reasonable questions with respect thereto;

(h) comply with NI 62-104 and similar provisions under applicable laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(i) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, the Party's board of directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Amalgamation Agreement as contemplated by Section 3.3(c) of the Amalgamation Agreement and after receiving the advice of outside legal counsel as reflected in minutes of the Party's board of directors, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under law and the Party complies with its obligations set forth in Section 3.3(c) of the Amalgamation Agreement and terminates the Amalgamation Agreement in accordance with, in the case of Africa Oil, Section 8.3(d)(ii) or, in the case of BTG, Section 8.3(c)(ii), of the Amalgamation Agreement and concurrently therewith pays the termination fees under the Amalgamation Agreement.

If Africa Oil or BTG is in receipt of a Superior Proposal, Africa Oil or BTG, as applicable, shall give the Other Party, orally and in writing, at least five Business Days (a "**Matching Period**") advance notice of any decision by its board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall confirm that the board of directors has determined that such Acquisition Proposal constitutes a Superior Proposal and the basis for such determination (including in the event the consideration includes non-cash consideration, the basis for the value of such non-cash consideration), shall identify the third party making the Superior Proposal and shall provide a true and complete copy thereof and any amendments thereto. During the Matching Period, Africa Oil and BTG each agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and, in the case of Africa Oil, shall not withdraw, redefine, modify or change the Board Recommendation. In addition, during such five Business Day period the Person delivering the notice of a Superior Proposal shall, and shall cause its financial and legal advisors to, negotiate in good faith with the Other Party and its financial and legal advisors to make such adjustments in the terms and conditions of the Amalgamation Agreement and the Amalgamation as would enable the party delivering the notice of a Superior Proposal to proceed with the Amalgamation as amended rather than the Superior Proposal. In the event the Person receiving the notice of the Superior Proposal proposes to amend the Amalgamation Agreement and the Amalgamation to provide a value greater than the value provided in the Superior Proposal and so advises the board of directors of the Person delivering the notice of a Superior Proposal prior to the expiry of the Matching Period, the Parties shall enter into an amended and/or restated version of the Amalgamation Agreement reflecting such proposed amendments, and take such other actions and execute such other documents as are necessary to give effect to such amendments, as soon as is reasonably practical thereafter and, for greater certainty, the board of directors of the Person delivering the notice of a Superior Proposal shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not release the party making the Superior Proposal from any standstill provisions and, in the case of Africa Oil, shall not make a Change in Recommendation.

All information that may be provided to it by the Other Party with respect to any Superior Proposal pursuant to Section 3.3 of the Amalgamation Agreement shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreement.

Mutual Covenants Regarding Regulatory Approvals

Pursuant to the terms of the Amalgamation Agreement, as soon as reasonably practicable after the date of the Amalgamation Agreement, Africa Oil, BTG or both Parties jointly, shall make, and shall cause Prime to make, all notifications, filings, applications and submissions with Governmental Entities in respect of, and shall use commercially reasonable efforts to obtain and maintain, the Regulatory Approvals. Any fees associated with obtaining the Regulatory Approvals will be paid by Prime.

Africa Oil and BTG shall, and shall cause Prime to, (a) cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals; and (b) not make any submissions or filings, participate in any substantive meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the Regulatory Approvals unless it consults with the Other Party in advance and, to the extent not precluded by such Governmental Entity, gives the Other Party a reasonable opportunity to review drafts of any submissions or filings, or attend and participate in any substantive meetings or material communications.

Provision of Information; Access

Pursuant to the Amalgamation Agreement, from and after the date of the Amalgamation Agreement, BTG shall provide, and shall not object to Prime providing, Africa Oil and its Representatives access, during normal business hours and at such other time or times as Africa Oil may reasonably request, to the premises of BTG and Prime (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish promptly to Africa Oil all information concerning the business, properties and personnel of BTG, and not object to Prime furnishing all information concerning the business, properties and personnel of Prime, in each case, as Africa Oil may reasonably request, which information shall remain subject to the Confidentiality Agreement.

Interim Period Committee

From the date of the Amalgamation Agreement to the earlier of the Effective Date or the date of termination of the Amalgamation Agreement in accordance with its terms, Africa Oil and BTG will form and maintain an interim period committee (the "**Interim Period Committee**") to share issues related to Africa Oil business which the management of Africa Oil would typically share with the Board, including with respect to Prime and with respect to actual or potential claims, prior to the Effective Date. For the complete text of applicable provisions related to the foregoing, see Section 3.6 of the Amalgamation Agreement, which is attached to this Circular as Schedule A.

Representation and Warranties

The Amalgamation Agreement contains customary representation and warranties of each of Africa Oil, ReorgCo and BTG relating to, among other things, the organization; their authority to enter into the Amalgamation Agreement and to consummate the transactions contemplated therein; no conflicts; no legal impediments to consummating the transactions contemplated by the Amalgamation Agreement; no Material Adverse Changes; no material litigation; employment related matters; material liabilities; and other matters. For the complete text of applicable provisions related to the foregoing, see Sections 4.1 and 4.4 of the Amalgamation Agreement, which is attached to this Circular as Schedule A.

Conditions Precedent

The completion of the Amalgamation is subject to the satisfaction, at or before the Closing Time or such other time specified, of the following conditions, any of which may be waived by the mutual consent of such Parties:

(a) the Amalgamation Resolution shall have received the Requisite Approval at the Meeting;

(b) the Regulatory Approvals shall have been obtained on terms satisfactory to each of the Parties, acting reasonably, and be in full force and effect;

(c) conditional approval of the TSX to the listing of the Common Shares issued in connection with the Amalgamation shall have been obtained, subject only to customary listing conditions;

(d) the Common Shares issued pursuant to the Amalgamation have been admitted for trading on Nasdaq Stockholm;

(e) the Prospectus shall have been approved by the Swedish Financial Supervisory Authority and published in accordance with the EU Prospectus Regulation;

(f) the parties to the CUOA (other than Prime 127 (Nigeria) Ltd.) have provided a signed document (in a form acceptable to Africa Oil and BTG, each acting reasonably) in respect of clause 13 of the CUOA in the context of the Amalgamation (the "**CUOA Clearance**");

(g) completion of the farmout by Impact Oil and Gas Namibia (Pty) Ltd. to TotalEnergies EP Namibia BV of a 9.39% participating interest in Block 2912, offshore Namibia and a 10.5% participating interest in Block 2913B, offshore Namibia, in accordance with the terms of the farmout agreement between Impact Oil and Gas Namibia (Pty) Ltd. and TotalEnergies EP Namibia BV dated January 10, 2024;

(h) the BTG Pre-Closing Reorganization shall have been completed prior to the Effective Date; and

(i) no material action or proceeding shall be pending or threatened by any Person, company, firm, Governmental Entity, regulatory body or agency and there shall be no action taken under any existing laws or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or Governmental Entity or similar agency, domestic or foreign, that:

    (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation or any other transactions contemplated in the Amalgamation Agreement; or

    (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Amalgamation Agreement.

The obligation of Africa Oil and ReorgCo to consummate the Amalgamation is subject to the satisfaction, at or before the Closing Time or such other time specified, of the following conditions:

(a) BTG shall have furnished Africa Oil with certified copies of the resolutions, duly passed by the BTG board of directors and the board of managers of BTG Oil & Gas approving the Amalgamation, the Amalgamation Agreement and the consummation of the transactions contemplated thereby;

(b) except as affected by the transactions contemplated by or permitted by the Amalgamation Agreement, (i) the representations and warranties of BTG contained in Sections 4.4(a), 4.4(b), 4.4(c), 4.4(d), 4.4(e) and 4.4(g) of the Amalgamation Agreement shall be true and correct in all respects (without giving effect to any materiality qualifiers) other than *de minimis* inaccuracies as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of the Amalgamation Agreement or another date shall be true and correct in all respects other than *de minimis* inaccuracies as of such date) and (ii) all other representations and warranties of BTG contained in Section 4.4 of the Amalgamation Agreement shall be true and correct as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of the Amalgamation Agreement or another date shall be true and correct as of such date) except, in the case of (ii), to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect and Africa Oil shall have received a certificate to that effect dated the Effective Date from two senior officers or directors thereof acceptable to Africa Oil, acting reasonably, acting solely on behalf of BTG and not in their personal capacity, and without personal liability, to the best of his or her information and belief having made reasonable inquiry and Africa Oil shall have no knowledge to the contrary;

(c) BTG has fulfilled or complied in all material respects with the covenants and agreements of BTG contained in the Amalgamation Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and BTG has delivered a certificate confirming same to Africa Oil, executed by two senior officers or directors thereof acceptable to Africa Oil, acting reasonably, acting solely on behalf of BTG and not in their personal capacity, and without personal liability, to the best of his or her information and belief having made reasonable inquiry and Africa Oil shall have no knowledge to the contrary;

(d) prior to the Effective Date each of the directors and officers of BTG (other than those agreed to by Africa Oil) shall have provided their resignations (in the case of directors, in a manner that allows for the orderly replacement of directors on the Effective Date) together with customary releases in favour of BTG, conditional on closing of the Amalgamation and effective on the Effective Date, each in form and substance and on such terms as are satisfactory to Africa Oil, acting reasonably; and

(e) there shall not have occurred any Material Adverse Change in respect of BTG after the date of the Amalgamation Agreement or prior to the Effective Date that is continuing and BTG shall have provided to Africa Oil and ReorgCo a certificate of two senior officers or directors of BTG to that effect (on BTG's behalf and without personal liability).

The obligations of BTG and BTG Oil & Gas to consummate the transactions contemplated by the Amalgamation Agreement, and in particular the Amalgamation, is subject to the satisfaction, at or before the Closing Time or such other time specified, of the following conditions:

(a) Africa Oil shall have furnished BTG with certified copies of:

  (i) the resolutions duly passed by the Board and the board of directors of ReorgCo approving the Amalgamation, the Amalgamation Agreement and the consummation of the transactions contemplated thereby and conditionally allotting for issuance the aggregate number of Common Shares that may be required to be issued in accordance with the terms of the Amalgamation Agreement upon the Amalgamation taking effect;

  (ii) the resolutions duly passed by the Board increasing the size of the Board from eight members to nine members, appointing the BTG Nominees as directors and appointing at least one BTG Nominee to each committee of the Board, in each case, conditional on the Effective Time occurring;

  (iii) the resolutions duly passed by the Board adopting the Dividend Policy and the Hedging Policy agreed upon between Africa Oil and BTG, conditional on the Effective Time occurring; and

  (iv) the Amalgamation Resolution duly approved at the Meeting,

  all of which shall be in full force and effect, unamended, as of the Effective Time;

(b) except as affected by the transactions contemplated by or permitted by the Amalgamation Agreement, (i) the representations and warranties of Africa Oil and ReorgCo contained in Sections 4.1(a), 4.1(b), 4.1(c), 4.1(d), 4.1(e), 4.1(f), and 4.1(k) shall be true and correct in all respects (without giving effect to any materiality qualifiers) other than de minimis inaccuracies as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of the Amalgamation Agreement or another date shall be true and correct in all respects other than de minimis inaccuracies as of such date) and (ii) all other the representations and warranties of Africa Oil and ReorgCo contained in Section 4.1 of the Amalgamation Agreement shall be true and correct (without giving effect to any materiality qualifiers) as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of the Amalgamation Agreement or another date shall be true and correct in all material respects as of such date) except, in the case of (ii) to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect and BTG and BTG Oil & Gas shall have received a certificate to that effect dated the Effective Date of the President and Chief Executive Officer of Africa Oil and another senior officer thereof acceptable to BTG, acting reasonably, acting solely on behalf of Africa Oil and not in their personal capacity, and without personal liability, to the best of their information and belief having made reasonable inquiry and BTG and BTG Oil & Gas shall have no knowledge to the contrary;

(c) Africa Oil and ReorgCo have fulfilled or complied in all material respects with their respective covenants and agreements contained in the Amalgamation Agreement to be fulfilled or complied with by them on or prior to the Effective Time, and Africa Oil has delivered a certificate confirming same to BTG and BTG Oil & Gas, executed by the President and Chief Executive Officer of Africa Oil and another senior officer thereof acceptable to Africa Oil, acting reasonably, acting solely on behalf of Africa Oil and not in their personal capacity, and without personal liability, to the best of his or her information and belief having made reasonable inquiry and BTG and BTG Oil & Gas shall have no knowledge to the contrary;

(d) Africa Oil shall have complied with its obligations under Section 2.2(b) of the Amalgamation Agreement and Computershare shall have confirmed to BTG receipt from Africa Oil of the irrevocable treasury direction contemplated by Section 2.2(b) of the Amalgamation Agreement and that the applicable Common Shares covered thereby will be issued upon completion of the Amalgamation;

(e) the Investor Rights Agreement shall be in full force and effect;

(f) prior to the Effective Date, certain directors of Africa Oil as agreed in writing between Africa Oil and BTG, shall have provided their resignations in a manner that allows for the orderly replacement of such directors on the Effective Date with the BTG Nominees as provided for in the Investor Rights Agreement, together with releases in favour of Africa Oil, conditional on closing of the Amalgamation and effective on the Effective Date, each in form and substance on such terms as are satisfactory to BTG, acting reasonably; and

(g) there shall not have occurred any Material Adverse Change in respect of Africa Oil and its Subsidiaries (taken as a whole) after the date of the Amalgamation Agreement or prior to the Effective Date that is continuing, and Africa Oil shall have provided to BTG and BTG Oil & Gas a certificate of two senior officers of Africa Oil to that effect (on Africa Oil's behalf and without personal liability).

Adjustment to Consideration

(a) On the date that is five (5) Business Days prior to the expected Effective Date (the "**Determination Date**"):

(i) Africa Oil shall provide written notice to BTG (the "**Africa Oil Adjustment Statement**") of:

(A) any dividend or other distribution on the Common Shares declared or paid between January 1, 2024 and the Determination Date;

(B) any repurchases of Common Shares between January 1, 2024 and the Determination Date; and

(C) the Africa Oil Transaction Expenses, provided that they have been accounted for in a manner consistent with existing accounting policies and custom and practice,

which Africa Oil Adjustment Statement shall include: (i) a description of the aggregate dividends, distributions and/or repurchases; (ii) the aggregate value of such dividends and/or distributions (the "**Africa Oil Distribution Amount**") and/or repurchases (the "**Africa Oil Repurchase Amount**") (iii) an accounting of the Africa Oil Transaction Expenses; and (iv) a calculation of the amount equal to the Africa Oil Transaction Expenses plus the Africa Oil Distribution Amount plus the Africa Oil Repurchase Amount (the "**Africa Oil Adjustment Amount**"); and

(ii) BTG shall provide written notice to Africa Oil (the "**BTG Adjustment Statement**") of any dividend or other distribution on the BTG Shares declared or paid between January 1, 2024 and the Determination Date, which BTG Adjustment Statement shall include the aggregate value of the dividends and/or distributions (the "**BTG Adjustment Amount**");

(b) If in the event that:

(0.35*Africa Oil Adjustment Amount) is greater than (0.65*BTG Adjustment Amount)

then prior to the Continuance Date, Africa Oil and BTG shall cause Prime to pay a dividend (the "**Prime Pre-Closing Dividend**") on its shares in an aggregate amount equal to the following:

(((0.35*Africa Oil Adjustment Amount) – (0.65*BTG Adjustment Amount))/.65)*2 = Prime Pre-Closing Dividend

(c) If in the event that:

(0.35*Africa Oil Adjustment Amount) is less than (0.65*BTG Adjustment Amount)

then prior to the Continuance Date, Africa Oil or one of its affiliates and BTG shall each make a capital contribution in cash (the "**Prime Pre-Closing Capital Contribution**") into Prime in an aggregate amount equal to the following:

(((0.65*BTG Adjustment Amount) – (0.35*Africa Oil Adjustment Amount))/.65) = Prime Pre-Closing Capital Contribution

(d) The Parties acknowledged and agreed that BTG will distribute its share of the Prime Pre-Closing Dividend to BTG Oil & Gas before the Continuance Date without triggering any requirement to adjust the BTG Adjustment Amount or any other terms of the Amalgamation Agreement; and

Neither Africa Oil nor BTG shall take any of the actions set forth in (a) above, respectively, from the Determination Date to the Effective Date.

Termination

The Amalgamation Agreement may be terminated by BTG, BTG Oil & Gas, ReorgCo or Africa Oil prior to the Effective Time:

(a) by mutual written agreement of BTG, BTG Oil & Gas, ReorgCo and Africa Oil;

(b) if the Meeting is duly convened and held and the Requisite Approval for the Amalgamation Resolution is not obtained thereat, provided that a Party may not terminate the Amalgamation Agreement if the failure to obtain the Requisite Approval for the Amalgamation Resolution at the Meeting has been caused by, or is a result of, a breach by such Party or any of its affiliates of any of its representations or warranties or the failure of such Party or any of its affiliates to perform any of its covenants or agreements under the Amalgamation Agreement;

(c) if, after the date of the Amalgamation Agreement, there shall be enacted or made any law that makes consummation of the Amalgamation illegal or otherwise prohibits or enjoins any Party from consummating the Amalgamation and such law or enjoinment shall have become final and non-appealable; provided that the Party seeking to terminate the Amalgamation Agreement and its affiliates have complied with Section 3.1(g) or Section 3.2(f) of the Amalgamation Agreement, as applicable, in all material respects;

(d) if, the Effective Time shall not have occurred on or before the Outside Date, except that this right to terminate shall not be available to any Party whose failure (or the failure of its affiliates) to fulfill any of its covenants or agreements or breach of any of its representations and warranties under the Amalgamation Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date; or

(e) CUOA Clearance has not been obtained by December 31, 2024.

The Amalgamation Agreement may be terminated by BTG or BTG Oil & Gas prior to the Effective Time if:

(a) the Board shall have made a Change in Recommendation;

(b) BTG wishes to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 3.3(b) of the Amalgamation Agreement), provided that Section 3.3 of the Amalgamation Agreement has been complied with;

(c) prior to the Requisite Approval for the Amalgamation Resolution having been obtained at the Meeting, Section 3.3 of the Amalgamation Agreement shall have been breached by Africa Oil or any of its Subsidiaries or any of their respective Representatives in any material respect;

(d) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Africa Oil or ReorgCo set forth in the Amalgamation Agreement shall have occurred that would cause the conditions set forth in Section 6.3(b), or Section 6.3(c) of the Amalgamation Agreement not to be satisfied, and such breach is not cured in accordance with the terms of Section 6.4 of the Amalgamation Agreement; provided that neither BTG nor BTG Oil & Gas is then in breach of the Amalgamation Agreement so as to cause any condition in Section 6.2(b) or Section 6.2(c) of the Amalgamation Agreement not to be satisfied; or

(e) there has occurred after the date of the Amalgamation Agreement a Material Adverse Effect in respect of Africa Oil that is incapable of being cured on or prior to the Closing Time.

The Amalgamation Agreement may be terminated by Africa Oil or ReorgCo prior to the Effective Time if:

(a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of BTG or BTG Oil & Gas set forth in the Amalgamation Agreement shall have occurred that would cause the conditions set forth in Section 6.2(b) or Section 6.2(c) of the Amalgamation Agreement not to be satisfied, and such breach is not cured in accordance with the terms of Section 6.4 of the Amalgamation Agreement; provided that neither Africa Oil nor ReorgCo is then in breach of the Amalgamation Agreement so as to cause any condition in Section 6.3(b), or Section 6.3(c) not to be satisfied;

(b) Africa Oil wishes to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 3.3(b) of the Amalgamation Agreement), provided that Section 3.3 of the Amalgamation Agreement has been complied with;

(c) prior to the Requisite Approval for the Amalgamation Resolution having been obtained at the Meeting, Section 3.3 of the Amalgamation Agreement shall have been breached by BTG or BTG Oil & Gas or any of their respective Representatives in any material respect;

(d) the BTG Pre-Closing Reorganization has not been completed prior to the Outside Date; or

(e) there has occurred after the date of the Amalgamation Agreement a Material Adverse Effect in respect of BTG that is incapable of being cured on or prior to the Closing Time.

Termination Fees

Pursuant to the Amalgamation Agreement, Africa Oil and BTG have agreed that, despite any other provision in the Amalgamation Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if the Amalgamation Agreement is terminated pursuant to:

(a) Section 8.3(b)(i) of the Amalgamation Agreement (failure to obtain the Requisite Approval for the Amalgamation Resolution at the Meeting); or Section 8.3(b)(iii) of the Amalgamation Agreement (Effective Time not occurring by Outside Date); in each case, in circumstances where the Amalgamation Resolution did not receive the Requisite Approval for the Amalgamation Resolution at the Meeting, but only if prior to the Meeting (A) a bona fide Acquisition Proposal shall have been made or any Person shall have publicly announced an intention to make an Acquisition Proposal, (B) such Acquisition Proposal has not expired or been publicly withdrawn prior to five Business Days before the Meeting, and (C) within 12 months of the date of such termination (1) Africa Oil or one or more of its Subsidiaries enters into a definitive agreement in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above) and such Acquisition Proposal is later consummated (whether or not within such 12 month period) or (2) an Acquisition Proposal shall have been consummated (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above). For purposes of this paragraph the references in the definition of "Acquisition Proposal" to "20%" shall be deemed to be references to "50%";

(b) Section 8.3(c)(i) of the Amalgamation Agreement (Change in Recommendation);

(c) Section 8.3(c)(iii) of the Amalgamation Agreement (material breach of non-solicitation covenant by Africa Oil); or

(d) Section 8.3(d)(ii) of the Amalgamation Agreement (Africa Oil Superior Proposal),

(each an "Africa Oil Termination Fee Event"),

then Africa Oil shall cause a wholly-owned Subsidiary of Africa Oil that is a resident of the Netherlands (the "**Payor**") to pay to BTG (or as BTG may direct in writing), (i) in the case of an Africa Oil Termination Fee Event set out in (a) above, on or prior to the consummation of the applicable Acquisition Proposal; (ii) in the case of an Africa Oil Termination Fee Event set out in set out in (b) or (c) above, within ten Business Days of the occurrence of the Africa Oil Termination Fee Event; and (iii) in the case of an Africa Oil Termination Fee Event set out in (d) above, on or prior to the occurrence of such Africa Oil Termination Fee Event, the amount of $25,000,000 (the "**Africa Oil Termination Fee**") in immediately available funds to an account designated by BTG.

Pursuant to the Amalgamation Agreement, Africa Oil and BTG have agreed that, despite any other provision in the Amalgamation Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if the Amalgamation Agreement is terminated pursuant to:

(a) Section 8.3(d)(iii) of the Amalgamation Agreement (material breach of non-solicitation covenant by BTG);

(b) Section 8.3(c)(ii) of the Amalgamation Agreement (BTG Superior Proposal); or

(c) Section 8.3(d)(iv) of the Amalgamation Agreement (failure of BTG Pre-Closing Reorganization),

(each a "BTG Termination Fee Event"),

then BTG shall pay, or cause to be paid, to Africa Oil (or as Africa Oil may direct in writing), (i) in the case of a BTG Termination Fee Event set out in Section (a) or (c) above, within ten Business Days of the occurrence of the BTG Termination Fee Event; and (ii) in the case of a BTG Termination Fee Event set out in Section (b) above, on or prior to the occurrence of such BTG Termination Fee Event, the amount of $25,000,000 (the "**BTG Termination Fee**") in immediately available funds to an account designated by Africa Oil.

INVESTOR RIGHTS AGREEMENT

Concurrently with the Amalgamation Agreement, Africa Oil and BTG Oil & Gas entered into the Investor Rights Agreement. The following is a summary of the material terms of the Investor Rights Agreement and is subject to, and qualified in its entirety by, the full text of the Investor Rights Agreement, attached to this Circular as Schedule B. Shareholders are urged to read the Investor Rights Agreement in its entirety.

Board Nomination Rights

The Investor Rights Agreement provides BTG Oil & Gas with certain Board nomination rights based on specific thresholds of BTG Oil & Gas' continued shareholding in the enlarged Africa Oil. Under the Investor Rights Agreement, BTG Oil & Gas will have the right to nominate three BTG Nominees for election to the Board and appoint one of the BTG Nominees (which shall not be an executive of Africa Oil) to serve as Chair of the Board if BTG Oil & Gas' shareholding is 30% or greater, reducing to two BTG Nominees for election to the Board if BTG Oil & Gas' shareholding is 20% or greater but less than 30%, and further reducing to one BTG Nominee for election to the Board if BTG Oil & Gas' shareholding is less than 20% but at least 10%. BTG Oil & Gas will not have any Board nomination rights under the Investor Rights Agreement if its shareholding reduces to less than 10%. It is Africa Oil's intention that the Board will comprise at all times a majority of independent directors and that each Board committee will have a majority of independent directors. Pursuant to the terms of the Investor Rights Agreement, Africa Oil must obtain the approval of BTG Oil & Gas in respect of the nomination of two of the independent Board nominees selected and proposed by Africa Oil. Subject to applicable law, BTG Oil & Gas will have the right to have one of its elected BTG Nominees as a member of each Board committee. See "Information Concerning the Enlarged Africa Oil - Directors of the Enlarged Africa Oil" below for more information.

Chief Financial Officer Nomination Rights

As long as BTG Oil & Gas' shareholding is equal to or greater than 20%, the Investor Rights Agreement provides BTG Oil & Gas the right to, subject to any notifications to/or approvals from any stock exchange on which Africa Oil's securities are listed, nominate an appropriately qualified and experienced individual as Chief Financial Officer of Africa Oil. See "Information Concerning the Enlarged Africa Oil - Executive Officers of the Enlarged Africa Oil" below for more information.

Lockup and Standstill

BTG Oil & Gas has agreed that it will not, for a period of two years from the date of completion of the Amalgamation, without the prior approval of the non-BTG Oil & Gas nominated directors, be entitled to:

- transfer any Common Shares received in connection with the Amalgamation (and any additional Common Shares it may acquire as a result of certain participation rights provided to BTG Oil & Gas in the Investor Rights Agreement), subject to certain exceptions;
- increase its stake in the enlarged Africa Oil to more than 50%;
- enter into a voting arrangement or similar agreement with a third party regarding its Common Shares if, when any holdings by such third party and its joint actors are aggregated with BTG Oil & Gas' ownership would exceed a 50% shareholding in the enlarged Africa Oil;
- make, assist, encourage or facilitate a tender offer that would result in the offeror owning 50% or more of the enlarged Africa Oil;
- initiate any proxy contest, put forth any shareholder proposal or vote against any nominees put forward by Africa Oil for election to the Board, save that BTG Oil & Gas and its affiliates shall otherwise be free to exercise the votes attaching to their Common Shares at their discretion;
- advise, assist, contact, encourage, or act jointly or in concert with any other Person to engage in any of the activities prohibited above; or
- make any public disclosure with respect to the foregoing.

First Look Rights

Provided that BTG Oil & Gas' shareholding does not fall below 20% (in which case the first look right shall cease) and subject to other customary limitations, the Investor Rights Agreement provides that BTG Oil & Gas is to give the enlarged Africa Oil a first look at potential equity investments in upstream oil and gas assets and companies BTG Oil & Gas or its affiliates considers in Africa, whether generated by BTG Oil & Gas or its affiliates internally or referred to BTG Oil & Gas or its affiliates by third parties. If the enlarged Africa Oil turns down said opportunity, BTG Oil & Gas may move forward with the opportunity by itself or through another entity.

Consent Rights

Provided that BTG Oil & Gas' shareholdings does not fall below 20% of the Common Shares (in which case the following consent rights shall terminate), Africa Oil shall not, without the consent of BTG Oil & Gas:

- make any changes to Africa Oil's policy with respect to the declaration and payment of any dividends (the "**Dividend Policy**"), except if and to the extent that a reduction in the dividend is required by law, or declare or pay any dividends or other distributions other than in accordance with the Dividend Policy;

- issue new Common Shares at more than a 10% discount to the volume-weighted average trading price of the Common Shares on the TSX for the 30 trading days immediately preceding the announcement of issuance;

- issue new Common Shares representing 20% or more of the issued and outstanding Common Shares (on a non-diluted basis), immediately prior to such issuance; or

- pursue a merger or an acquisition (or similar transaction) with transaction consideration (including any assumed debt) greater than 25% of the market capitalization of Africa Oil (to be calculated with reference to the prevailing 30 trading day volume weighted average share price). For the avoidance of doubt, this shall not apply to or restrict an acquisition of issued and outstanding securities of Africa Oil by a third party in exchange for consideration paid by such third party.

Registration Rights

The Investor Rights Agreement provides BTG Oil & Gas with the right (the "**Demand Registration Right**") to require Africa Oil to use commercially reasonable efforts to file a prospectus with applicable Canadian securities regulatory authorities, qualifying Common Shares held by BTG Oil & Gas (a "**Demand Registration**"). BTG Oil & Gas is not entitled to request more than one Demand Registration in any one 12 month period. Africa Oil is not obliged to effect a Demand Registration expected to result in gross proceeds of less than a stipulated amount, unless such Demand Registration is in respect of all of the Common Shares held by BTG Oil & Gas at such time. Africa Oil may also distribute Common Shares in connection with a Demand Registration provided that if the distribution resulting from the Demand Registration is underwritten and the lead underwriter advises that the aggregate number of Common Shares to be included in such Demand Registration should be limited for certain prescribed reasons, the Common Shares to be included in the distribution will be first allocated to BTG Oil & Gas and the remainder of the Common Shares to be included will be allocated to Africa Oil. Africa Oil is entitled to defer any Demand Registration in certain circumstances for a period not exceeding 90 days.

In addition, the Investor Rights Agreement provides BTG Oil & Gas with the right (the "**Piggy-Back Registration Right**") to require Africa Oil to include Common Shares held by BTG Oil & Gas in any future offerings undertaken by Africa Oil by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a "**Piggy-Back Registration**"). Africa Oil is required to cause to be included in the Piggy-Back Registration all of the Common Shares that BTG Oil & Gas requests to be sold, provided that if the Piggy-Back Registration is underwritten and the lead underwriter advises that the aggregate number of Common Shares to be included in such Piggy-Back Registration should be limited for certain prescribed reasons, the Common Shares to be included in the Piggy-Back Registration will be allocated first to Africa Oil in the amount that represents up to 85% of the Common Shares to be included in such prospectus and the remainder of the Common Shares will be allocated on a pro rata basis between all additional Common Shares proposed to be distributed for the account of Africa Oil, those Common Shares requested to be sold by BTG Oil & Gas and all Common Shares of any other securityholder to be included in such prospectus.

The Piggy-Back Registration Right and the Demand Registration Right are subject to various conditions and limitations. The expenses in respect of a Piggy-Back Registration will be borne by Africa Oil, except that any and all underwriters' discounts and commission on the sale of any Common Shares by BTG Oil & Gas will be borne by BTG Oil & Gas. The expenses in respect of the first certain number of Demand Registrations, except any and all underwriters' discounts and commission on the sale of any Common Shares which will be paid by the party in which such underwriters' discounts and commission are payable, will be borne by the Company and the expenses in respect of each subsequent Demand Registration shall be borne as to 50% by Africa Oil and 50% by BTG Oil & Gas. Pursuant to the Investor Rights Agreement, Africa Oil will indemnify BTG Oil & Gas for any misrepresentation in a prospectus under which Common Shares held by BTG Oil & Gas are distributed (other than in respect of any information provided by BTG Oil & Gas, in respect of BTG Oil & Gas, for inclusion in the prospectus) and BTG Oil & Gas will indemnify Africa Oil for any misrepresentation in any information provided by BTG Oil & Gas, in respect of BTG Oil & Gas, for inclusion in the prospectus.

Participation Rights

In the event that Africa Oil proposes to issue Common Shares or securities which are exercisable for, convertible into or exchangeable for Common Shares, including convertible debt securities ("**Equity Securities**") for cash (an "**Equity Financing**"), other than the issue of Equity Securities pursuant to a rights offering open to all holders of Common Shares, the Investor Rights Agreement provides BTG Oil & Gas, for so long as BTG Oil & Gas owns, in the aggregate, at least a 10% equity interest in Africa Oil, with the right (the "**Pre-Emptive Right**") to subscribe, directly or through one or more affiliates, for such amount of Equity Securities required to maintain BTG Oil & Gas' equity interest in Africa Oil, on the same terms and conditions as offered to other potential investors under the Equity Financing.

In addition, the Investor Rights Agreement provides BTG Oil & Gas, for so long as BTG Oil & Gas owns, in the aggregate, at least a 10% equity interest in Africa Oil, with the right (the "**Top-Up Right**"), subject to any TSX or other stock exchange requirements, to subscribe, directly or through an affiliate, for Common Shares in respect of any Equity Securities issued pursuant to an Equity Financing conducted on a bought deal financing basis (a "**Bought Deal Financing**") (to the extent that BTG Oil & Gas has not exercised its Pre-Emptive Right in respect thereof) to allow BTG Oil & Gas to maintain its equity interest in Africa Oil. The Top-Up Right shall be exercisable, on the same terms and conditions as offered to other potential investors under the Bought Deal Financing, for a period of 45 Business Days following the date on which Africa Oil provides BTG Oil & Gas with notice of the completion of a Bought Deal Financing.

Information Rights

The Investor Rights Agreement contains customary information and inspection rights for BTG Oil & Gas.

Termination

The Investor Rights Agreement will be automatically terminated if: (i) prior to Effective Time, the Amalgamation Agreement is terminated in accordance with its terms; or (ii) following completion of the Amalgamation, BTG Oil & Gas' shareholding in the enlarged Africa Oil falls below 10%.

VOTING SUPPORT AGREEMENTS

In connection with the Amalgamation Agreement, BTG and Africa Oil have entered into voting support agreements ("**Voting Support Agreements**") with each of the directors and executive officers of Africa Oil and Stampede Natural Resources S.a.r.l. (the "**Supporting Shareholders**") pursuant to which the Supporting Shareholders have agreed to, among other things, vote the Common Shares beneficially owned or controlled by such Supporting Shareholder on the Record Date in favour of the Amalgamation Resolution and to otherwise support the Amalgamation, as provided therein.

APPROVAL OF THE AMALGAMATION RESOLUTION

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve the Amalgamation Resolution, authorizing and approving the issuance of Common Shares to BTG Oil & Gas pursuant to the Amalgamation.

TSX SHARE ISSUANCE REQUIREMENTS

The TSX regulates the issuance or potential issuance of listed securities. As a result, the TSX will regulate the issuance of the Common Shares to BTG Oil & Gas upon completion of the Amalgamation.

Pursuant to Section 604(a)(i) of the TSX Company Manual, the TSX will generally require disinterested security holder approval as a condition of acceptance of a notice of a transaction involving the issuance or potential issuance of securities if, in the opinion of the TSX, the transaction will "materially affect control" of the listed issuer. As of the date hereof, BTG Oil & Gas and its associates and affiliates do not hold any Common Shares. If, at the time of the Meeting, BTG Oil & Gas and its associates and affiliates hold Common Shares, the TSX will require such Common Shares to be excluded from the vote.

Under the TSX Company Manual, a transaction is considered to "materially affect control" if it gives any security holder, or combination of security holders acting together, the ability to influence the outcome of a vote of security holders, including the ability to block significant transactions. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together is generally considered to materially affect control, unless the circumstances indicate otherwise (collectively, to "**Materially Affect Control**").

Further, pursuant to section 611 of the TSX Company Manual, if the payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding on a non-diluted basis, security holder approval is required for the issuance of securities.

THE AMALGAMATION AND ISSUANCE OF COMMON SHARES

At the Effective Time, all of the common shares in the capital of BTG that are held by BTG Oil & Gas will be exchanged for 239,828,655 fully paid and non-assessable Common Shares. As a result of the foregoing, BTG Oil & Gas will hold 239,828,655 Common Shares, representing approximately 35.15% of the pro forma outstanding share capital of Africa Oil as of the date of the Amalgamation Agreement, which will Materially Affect Control of Africa Oil and is greater than 25% of the currently issued and outstanding Common Shares on a non-diluted basis. As a result, Requisite Approval for the Amalgamation Resolution must be obtained at the Meeting.

SHAREHOLDER APPROVAL OF THE AMALGAMATION RESOLUTION

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, to approve the amalgamation resolution, substantially in the following form (the "**Amalgamation Resolution**"):

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. Africa Oil Corp. ("**Africa Oil**") is hereby authorized to issue up to an aggregate of 239,828,655 common shares in the capital of Africa Oil in connection with the amalgamation of Africa Oil Papa Corp. ("**ReorgCo**"), a wholly-owned subsidiary of Africa Oil, with BTG Pactual Holding S.à r.l. ("**BTG**") pursuant to a statutory amalgamation under the *Business Corporations Act* (British Columbia) in accordance with the amalgamation agreement dated June 23, 2024 between Africa Oil, ReorgCo, BTG and BTG Pactual Oil & Gas S.à r.l. (as it may be amended, modified or supplemented, the "**Amalgamation Agreement**"), as more particularly described in the management information circular of Africa Oil dated September 13, 2024.

2. Notwithstanding that this resolution has been passed by shareholders of Africa Oil, the directors of Africa Oil are hereby authorized and empowered, if they decide not to proceed with the aforementioned resolution, to revoke this resolution at any time prior to the closing date of the Amalgamation, without further notice to or approval of the shareholders of Africa Oil.

3. Any director or officer of Africa Oil is hereby authorized, empowered and instructed, acting for, in the name and on behalf of Africa Oil, to execute or cause to be executed, under the seal of Africa Oil or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing."

The Board has unanimously approved the Amalgamation Resolution and recommends that all Shareholders vote FOR the Amalgamation Resolution. In order for the Amalgamation Resolution to be effective, it must be approved by a simple majority (50%+1) of the eligible votes cast with respect to such resolution by Shareholders present in person or by proxy at the Meeting.

Unless otherwise directed, it is the intention of the Persons designated in the proxy form accompanying this Circular to vote proxies "FOR" the approval of the Amalgamation Resolution.

RISK FACTORS

Shareholders should carefully consider the following risk factors in evaluating whether to approve the Amalgamation Resolution. These risk factors should be considered in conjunction with the other information included in this Circular, including documents publicly filed and incorporated by reference herein. The following risk factors are not a definitive list of all risk factors associated with the Amalgamation. Additional risks and uncertainties, including those currently unknown or considered immaterial by Africa Oil, may also adversely affect the business of Africa Oil following the Amalgamation.

RISKS RELATING TO THE AMALGAMATION

There can be no certainty that the Amalgamation will be completed.

Completion of the Amalgamation is subject to a number of conditions, certain of which may be outside the control of the Company. The conditions include, but are not limited to, receipt of the Requisite Approval for the Amalgamation Resolution, receipt of the Regulatory Approvals, receipt of the CUOA Clearance, the completion of the BTG Pre-Closing Reorganization and filing the Prospectus with the Swedish Financial Supervisory Authority. There can be no assurance, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of the Company. If the Amalgamation is not completed, the value of the Common Shares may decline. If the Amalgamation is not completed and the Board decides to seek another merger or business combination, there can be no assurance that it will be able to find a party that will agree to equivalent or more attractive terms than those of the Amalgamation Agreement.

Regulatory Approvals may not be received, may take longer than expected, or may impose conditions that are not presently anticipated or cannot be met and regulatory fees may be payable.

Before the transactions contemplated by the Amalgamation Agreement can be completed, various approvals must be obtained from regulatory agencies in Nigeria and there can be no assurance that such approvals will be granted. If the approvals are granted, the terms of the approvals that are granted may require changes to the terms of the transactions contemplated by the Amalgamation Agreement. Under Nigerian law, there are regulations which reserve to the regulator the right (but not the obligation) to impose a fee of between 5% - 10% of the total value of a transaction as a condition precedent to obtaining consent for transactions relating to assignment of an interest in a Nigerian oil and gas property. There can be no assurance that regulators will not impose additional conditions or terms, and that such conditions or terms will not have the effect of delaying the completion of any of the transactions contemplated by the Amalgamation Agreement, imposing additional material costs on or otherwise reducing the anticipated benefits of the Amalgamation if the Amalgamation is consummated successfully within the expected timeframe. Nor can there be any assurance that any such conditions or terms will not result in the delay or abandonment of the Amalgamation. Additionally, the completion of the Amalgamation is conditioned on the absence of legal restraints that would prohibit or make illegal the consummation of any of the transactions contemplated by the Amalgamation Agreement.

The Amalgamation Agreement may be terminated.

Each of the Company and BTG has the right to terminate the Amalgamation Agreement if, among other reasons, the Requisite Approval for the Amalgamation Resolution is not obtained at the Meeting; a law is enacted that makes the consummation of the Amalgamation illegal or prohibits the Parties from consummating the Amalgamation; there is a breach of certain representation and warranties of the Other Party or; BTG and/or Africa Oil wishes to enter into a binding agreement regarding a Superior Proposal. Accordingly, there is no certainty, nor can the Company provide any assurance, that the Amalgamation will not be terminated by either the Company or BTG before the completion of the Amalgamation. See “Matters to be Acted Upon - The Amalgamation - The Amalgamation Agreement - Termination” above.

Occurrence of a Material Adverse Effect.

The completion of the Amalgamation is subject to the condition that a Material Adverse Effect has not occurred in respect of Africa Oil or BTG after the date of the Amalgamation Agreement that is incapable of being cured on or prior to the Closing Time. Although a Material Adverse Effect excludes certain events, including events in some cases that are beyond the control of the Parties, there is no assurance that a Material Adverse Effect will not occur before the Effective Time, in which case the Company or BTG, as applicable, could elect to terminate the Amalgamation Agreement and the Amalgamation would not proceed. See “Matters to be Acted Upon - The Amalgamation - The Amalgamation Agreement - Termination” above.

Africa Oil may be required to pay the Africa Oil Termination Fee.

In the event the Amalgamation Agreement is terminated, and the Amalgamation is not consummated as a result of an Africa Oil Termination Fee Event, the Company will be obligated to pay the Africa Oil Termination Fee to BTG. Further, the Africa Oil Termination Fee obligations may discourage other parties from participating in an alternative transaction with the Company even if those parties might be willing to offer greater value to the Company than pursuant to the Amalgamation. See “Matters to be Acted Upon - The Amalgamation - The Amalgamation Agreement - Termination Fees” above.

Africa Oil will be subject to certain contractual restrictions while the Amalgamation is pending, which may remain in place until September 2025 or later.

The Amalgamation Agreement restricts the Company from entering into certain agreements, repurchasing securities, and taking other specified actions without the consent of BTG until the earlier of the Effective Date or the termination of the Amalgamation Agreement. These restrictions may prevent the Company from pursuing attractive business opportunities that may arise prior to the completion of the Amalgamation and could have the effect of delaying or preventing other strategic transactions. Adverse effects arising from the pending Amalgamation could be exacerbated by any delays in consummation of the Amalgamation or the termination of the Amalgamation Agreement.

The non-solicitation obligations and right to match obligations of Africa Oil in the Amalgamation Agreement may discourage other parties from making a Superior Proposal.

Under the Amalgamation Agreement, the Company is subject to certain non-solicitation obligations, and as a condition to entering into an agreement in respect of a Superior Proposal, the Company is required to first offer BTG a right to match the Superior Proposal for the Matching Period. These non-solicitation provisions and the right to match the Superior Proposal may discourage other parties from making a Superior Proposal, even if the terms of the Superior Proposal would otherwise be more favourable than the terms in the Amalgamation Agreement.

If the Amalgamation is not completed, Africa Oil is responsible for its transaction costs.

Certain costs, fees and expenses related to the Amalgamation must be paid by the Company even if the Amalgamation is not completed, and such amounts may be significant.

Possible failure to realize anticipated benefits of the Amalgamation.

The Company anticipates that completion of the Amalgamation will strengthen its position in the oil and gas industry and create the opportunity to realize certain benefits as described in this Circular. Achieving the anticipated benefits of the Amalgamation depends on the Company's ability to realize anticipated growth opportunities. There can be no assurance, however, that the anticipated benefits of the Amalgamation will materialize. It is possible that the risks and uncertainties described in this Circular will arise and become material to such an extent that some or all of the anticipated benefits of the Amalgamation will never materialize or will be nullified.

Pro forma information may not be indicative of Africa Oil's condition or results following the Amalgamation.

The pro forma information contained in this Circular is presented for illustrative purposes only as of its respective dates and may not be indicative of the financial condition or results of operations of Africa Oil following completion of the Amalgamation for several reasons. The pro forma information has been derived from the respective historical financial statements of Africa Oil and BTG, and certain adjustments and assumptions made as of the dates indicated therein have been made to give effect to the Amalgamation. The information upon which these adjustments and assumptions have been made is preliminary and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the pro forma information does not include, among other things, estimated costs or synergies, adjustments related to restructuring or integration activities, future acquisitions or disposals not yet known or probable, or provisions that are currently not factually supportable and/or likely to occur. Therefore, the pro forma information contained herein is presented for informational purposes only and is not necessarily indicative of what the combined business' actual financial condition or results of operations would have been had the Amalgamation been completed as assumed in such pro forma information. Accordingly, the combined business, assets, results of operations and financial condition may differ significantly from those indicated in the pro forma financial information. The Company has yet to determine the fair value of Prime's assets and liabilities, and has therefore used the approach outlined in more detail in the pro forma information set out in Schedule C.

Shareholders will experience dilution as a result of the issue of Common Shares to BTG Oil & Gas in connection with the Amalgamation.

Africa Oil expects to issue 239,828,655 Common Shares to BTG Oil & Gas in connection with the Amalgamation, representing ownership of approximately 35.15% of the pro forma outstanding share capital of Africa Oil as of the date of the Amalgamation Agreement. The increase in the number of Common Shares outstanding after the issue will reduce the percentage ownership and voting rights of existing Shareholders and decrease existing Shareholders' earnings per Common Share. The issuance of 239,828,655 Common Shares to BTG Oil & Gas will result in a dilution (calculated as the number of newly issued Common Shares divided by the new total number of Common Shares and assuming no other issuances prior to completion of the Amalgamation) for existing Shareholders of approximately 35.15% of the Common Shares and 35.15% of the votes.

Following the Amalgamation, BTG Oil & Gas will hold approximately 35.15% of the total number of Common Shares and 35.15% of the total number of votes in Africa Oil. Pursuant to the Investor Rights Agreement, BTG Oil & Gas will also have the right to nominate up to three BTG Nominees for election to the Board and, provided that BTG Oil & Gas' shareholding is 30% or greater, appoint one of the BTG Nominees to serve as Chair of the Board. BTG Oil & Gas will consequently have the opportunity to exercise significant influence over Africa Oil and any issues that the Shareholders vote on. There is a risk that BTG Oil & Gas will exercise its voting rights in a manner that is not consistent with the interests of minority Shareholders, or that existing Shareholders will disagree with the resolutions and/or direction that BTG Oil & Gas can implement through its voting rights.

The pending Amalgamation may divert attention of Africa Oil's management.

The pending Amalgamation could cause the attention of Africa Oil's management to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Amalgamation and could have an adverse effect on the business, operating results or prospects of Africa Oil regardless of whether the Amalgamation is ultimately completed.

Value of the underlying asset

Pursuant to the Amalgamation Agreement, BTG Oil & Gas will exchange its 50% indirect interest in Prime for 239,828,655 newly issued Common Shares. On completion of the Amalgamation, BTG Oil & Gas will hold approximately 35.15% of the enlarged Africa Oil (assuming no other issuances prior to completion of the Amalgamation), and Africa Oil will indirectly own 100% of Prime. If Prime fails to realize the results that Africa Oil expects, BTG Oil & Gas will have received approximately 35.15% of the enlarged Africa Oil in return for a less productive asset. This could materially and adversely affect Africa Oil's business plan and could have a material adverse effect on Africa Oil and its financial results.

Forward-looking information may prove inaccurate.

Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

INFORMATION CONCERNING AFRICA OIL

DOCUMENTS INCORPORATED BY REFERENCE

Information with respect to Africa Oil is incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference herein may be obtained on request, without charge, from Africa Oil at Suite 2500, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8 or by email at shahin.amini@africaoilcorp.com. These documents are also available on the Company's SEDAR+ profile at www.sedarplus.com.

The following documents are incorporated by reference:

(a) the Company's AIF for the year ended December 31, 2023;

(b) the audited annual consolidated financial statements of Africa Oil, together with the notes thereto and the auditor's report thereon, for the years ended December 31, 2023 and 2022, and the related management's discussion and analysis (the "**Africa Oil Annual Financial Statements**");

(c) the interim condensed consolidated financial statements of Africa Oil for the three and six month periods ended June 30, 2024 and the related management's discussion and analysis;

(d) the material change report of Africa Oil dated January 12, 2024 in respect of a farmout transaction between Impact Oil and Gas Namibia (Pty) Ltd. and TotalEnergies EP Namibia B.V.;

(e) the material change report of Africa Oil dated July 3, 2024 in respect of the Amalgamation; and

(f) the management information circular of Africa Oil attached to the notice of annual general meeting of the Shareholders dated April 9, 2024, prepared in connection with Africa Oil's annual general meeting of Shareholders held on May 23, 2024.

Any document of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, unaudited interim condensed consolidated financial statements, annual consolidated financial statements and the auditor's report thereon, management's discussion and analysis and proxy circulars filed by Africa Oil with applicable securities commissions or similar authorities in Canada under Africa Oil's issuer profile on SEDAR+ at www.sedarplus.com after the date of this Circular and before the completion of the Amalgamation, will be deemed to be incorporated by reference into this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein, or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed to be an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Circular.

SUMMARY DESCRIPTION OF THE BUSINESS

Africa Oil is a Canadian oil and gas company with producing and development assets in deepwater Nigeria, and a portfolio of E&A assets in various countries in West and South Africa. Notably, the Company has a significant opportunity set in the emerging Orange Basin that lies offshore Namibia and South Africa and is the only listed independent E&P company with an interest in the world-class Venus discovery. The Company holds its interests through direct ownership interests in concessions and through its shareholdings in investee companies including Prime, Africa Energy Corp., and Impact Oil and Gas Limited.

Africa Oil's long-range plan is to increase Shareholder value through the acquisition, exploration, development and production associated with oil and gas assets. Through the Company's current 50% shareholding in Prime, the Company has exposure to some of the best producing assets offshore West Africa. The Company's near-term focus is on its Nigerian assets, the development and further E&A of its Orange Basin opportunity set, the progression of its exploration opportunities on Block 3B/4B offshore South Africa, and Blocks EG-18 and EG-31, offshore Equatorial Guinea. Africa Oil will continue to consider acquisition and merger opportunities, focusing on Africa, prioritizing the acquisition of producing assets in jurisdictions that the Company has a competitive advantage through its ability to borrow on more favourable terms relative to its competitors. The Board may, in its discretion, approve asset or corporate acquisitions or investments that do not conform to the guidelines discussed above based upon the Board's consideration of the qualitative and quantitative aspects of the subject properties, including risk profile, anticipated return on investment, technical upside, resource potential, reserve life and asset quality.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the consolidated capitalization of Africa Oil since June 30, 2024.

Africa Oil expects to issue 239,828,655 Common Shares to BTG Oil & Gas in connection with the Amalgamation, representing ownership of approximately 35.15% of the pro forma issued and outstanding Common Shares as of the date of the Amalgamation Agreement.

DESCRIPTION OF COMMON SHARES

Africa Oil is authorized to issue an unlimited number of Common Shares without par value.

Each Shareholder is entitled to receive notice of and to attend all meetings of Africa Oil's Shareholders. In addition, each Common Share entitles the holder to one vote, either in person or by proxy, on any resolution to be passed at such Shareholders' meeting. The holders of Common Shares are also entitled to dividends if, as and when declared by the Board. Upon the liquidation, dissolution or winding up of the Company, the holders of the Common Shares are entitled to receive the remaining assets of the Company available for distribution to the Shareholders.

TRADING PRICE AND VOLUME

The Common Shares are listed on the TSX and on the Nasdaq Stockholm under the stock symbol "AOI". The following table sets out the price ranges and volume traded of the Common Shares on the TSX for the last 12 months preceding the date hereof:

Month	High ($)	Low ($)	Volume
September 1 – 12, 2024	2.01	1.75	3,740,971
August 2024	2.38	1.99	6,662,404
July 2024	2.60	2.29	8,068,996
June 2024	2.59	2.31	8,357,437
May 2024	2.61	2.35	9,899,188
April 2024	2.61	2.30	8,032,057
March 2024	2.40	2.07	6,182,236
February 2024	2.59	1.94	9,332,966
January 2024	2.66	2.38	5,047,856
December 2023	2.56	2.30	4,869,261
November 2023	2.73	2.50	6,948,712
October 2023	2.79	2.48	6,159,370
September 2023	3.34	2.59	11,811,461

PRIOR SALES

The following table summarizes all of the Company's issuances of Common Shares or any other securities convertible into or exchangeable for Common Shares in the 12-month period preceding the date of this Circular.

Date of Issuance	Class of Securities	Number of Securities Issued	Issuance/Exercise Price per Security (C$)
July 12, 2024	Common Shares	133,000	1.21
July 4, 2024	Common Shares	849,031[1]	2.49
March 21, 2024	Common Shares	50,000	1.21
March 13, 2024	Common Shares	83,000	1.21
February 28, 2024	Restricted Share Units	494,000	2.17
February 28, 2024	Performance Share Units	2,585,200	2.17
December 22, 2023	Common Shares	265,000	1.16
December 15, 2023	Common Shares	155,667	1.22
December 6, 2023	Performance Share Units	969,400	2.54
December 6, 2023	Common Shares	247,133	1.16
November 30, 2023	Common Shares	165,000	1.21
November 29, 2023	Common Shares	53,200	1.21
November 21, 2023	Common Shares	50,000	1.06
October 25, 2023	Common Shares	100,000	1.21
October 13, 2023	Common Shares	83,000	1.15
October 12, 2023	Common Shares	175,000	1.10
October 6, 2023	Common Shares	100,000	1.15
October 5, 2023	Common Shares	70,000	1.13
October 2, 2023	Performance Share Units	449,200	2.87

Note:

1. 849,031 Common Shares were issued upon the vesting of 605,000 restricted share units and 2,331,600 performance share units which were originally granted by the Company in 2021. The remainder of the vested restricted share units and performance share units were settled in cash.

INFORMATION CONCERNING THE ENLARGED AFRICA OIL

OVERVIEW

At the Effective Time, the Amalgamation of BTG and ReorgCo to create Amalco shall become effective and Amalco will be a wholly-owned subsidiary of Africa Oil. Africa Oil will remain listed on the TSX and the Nasdaq Stockholm.

The registered office of Africa Oil will remain at 25th Floor, 666 Burrard Street, Vancouver, B.C., V6C 2X8.

The authorized share capital of Africa Oil following completion of the Amalgamation will continue to be as described above under "Information Concerning Africa Oil".

DIRECTORS OF THE ENLARGED AFRICA OIL

Following completion of the Amalgamation, the Board shall be comprised of nine (9) directors, which is expected to be comprised of:

- the chief executive officer of Africa Oil – Roger Tucker (non-independent);
- three (3) directors nominated by Africa Oil – Michael Ebsary (independent), Kimberley Wood (independent) and Pascal Nicodeme (non-independent);
- three (3) directors nominated by BTG Oil & Gas - Huw Jenkins (independent), Edwyn Neves (independent) and Ahonsi Unuigbe (independent); and
- two (2) additional independent non-executive directors nominated by Africa Oil and approved by BTG Oil & Gas – Eleanor Barker (independent) and Richard Norris (independent).

Michael Ebsary, Kimberley Wood and Roger Tucker are all currently directors of Africa Oil and it is intended that they will remain as directors following completion of the Amalgamation. Huw Jenkins, Edwyn Neves and Ahonsi Unuigbe are each expected to be nominated to the Board by BTG Oil & Gas, pursuant to its Board nomination rights granted under the Investor Rights Agreement. Eleanor Barker and Richard Norris are each expected to be nominated to the Board by Africa Oil and approved by BTG Oil & Gas. All of the directors listed above are independent within the meaning of applicable securities laws other than Roger Tucker and Pascal Nicodeme.

The following are brief profiles of each of the directors, which include a description of their present occupation and their principal occupations for the past five years.

Michael Ebsary

Mr. Ebsary was the Chief Executive Officer, and a director of Oryx Petroleum Corporation Limited from 2010 until 2016. He served as the Chief Financial Officer of Addax Petroleum Corporation, an international oil and gas exploration and production company, for eleven years between 1998 and 2009. These two companies had operations throughout Africa and Kurdistan. He previously held various positions in project finance and treasury with oil companies Elf Aquitaine and Occidental Petroleum, both in France and the United Kingdom. He began his working life in multinational banking institutions in Canada and the United Kingdom, after graduating with an MBA from Queen's University in Canada.

Kimberley Wood

Ms. Wood is a legal professional with over 20 years' experience and a specialist in mergers and acquisitions and the energy sector. She is currently General Counsel & Company Secretary for Storegga Limited, a private carbon capture and hydrogen business. Previously, she was Head of Oil and Gas for Europe and the Middle East at Norton Rose Fulbright LLP, and was a partner at Vinson & Elkins LLP from February 2011 to April 2015 and was previously at Dewey & LeBoeuf LLP. Throughout her career, Ms. Wood has advised a wide range of companies in the sector, from small independents through to super-majors. She is included in Who's Who Legal Energy 2022 and as an expert in Energy and Natural Resources by Euromoney's Expert Guide, Women in Business Law (2022 Edition). Ms. Wood is currently a Non-Executive Director of Energean plc. She is Chair of the Remuneration & Talent Committee for Energean plc and the Remuneration Committee for Gulf Keystone Petroleum.

Roger Tucker

Dr. Tucker is currently the President and Chief Executive Officer of the Company. Dr. Tucker has been a senior executive in the energy sector across the globe for over thirty years. He has held positions in companies ranging in scope and scale from multinational majors to new emerging market players and private equity funded entities. Most recently he has been involved in private equity investing in the energy space. He has directly managed significant development projects including one of the world's largest field re-development projects located in Venezuela. He also served as Senior Vice President Europe for BG Group where he was directly responsible for budget, operational and financial performance of BG Group's European business that accounted for 150,000 boepd production and a significant portion of the group's revenues. During his time at BG Group, Dr.

Tucker was also a member of the Regional Executive and Regional Investment Committee for Americas, Europe and Central Asia. He holds a PhD in Sedimentology & Geochemistry and a BSc in Geology, both from the University of Newcastle upon Tyne.

Pascal Nicodeme

Mr. Nicodeme is currently the Chief Financial Officer of the Company. Following completion of the Amalgamation, Mr. Nicodeme will cease to be Chief Financial Officer of Africa Oil. Mr. Nicodeme has over 20 years' experience in the oil and gas industry and banking. He began his career as a field geophysicist for TotalEnergies. Mr. Nicodeme joined Perenco in 2002, where he ran the group cost and management control and subsequently became group finance manager, then deputy general manager of the United Kingdom branch. Mr. Nicodeme then joined the banking industry and held management positions in the Reserve Based Lending and Project Finance and Advisory teams of several banking institutions, including Natixis, Credit Agricole CIB and Standard Chartered Bank. Mr. Nicodeme joined NewAge in 2015 and was appointed interim Chief Executive Officer in 2019. Mr. Nicodeme holds an engineering degree from the Ecole Polytechnique, a MSc from the French Institute of Petroleum and an MBA from INSEAD.

Eleanor Barker

Eleanor Barker is President of Barker Oil Strategies, a Member of the Province of Ontario Resource Sector Audit Committee and a Director and Chair of the Audit Committee of PetroTal Corp. From 2017 to 2021 she was a Director and Chair of the Audit Committee of Serinus Energy plc. She was a Director of Sterling Resources Ltd. from 2014 to 2017. For over 30 years, Ms. Barker was an Oil and Gas Investment Analyst in Canada. Since 1995, Ms. Barker has focused exclusively on international oil and gas research. Ms. Barker is a past Director of the US National Association of Petroleum Investment Analysts and a former President of the Canadian Association of Investment Analysts. From 1993 to 1995 Ms. Barker was a Director of Gordon Capital. Prior to work in financial markets, she held various positions with Esso and Gulf Canada. Ms. Barker holds an MBA from the University of Western Ontario and a Hons. B.Sc. from Queen's University.

Richard Norris

Dr. Richard Norris has over 30 years energy related experience in both industry and finance, including roles with large and small oil companies, as well as roles in debt and equity financing. Richard has worked in engineering, management and board roles covering Africa, Europe, Former Soviet Union and South America with BP, Elf Aquitaine/Total, Geopetrol, Candax Energy and Eland Oil and Gas. In finance Richard was instrumental in building the European oil and gas structured finance group at BNP Paribas. As a Partner at Helios Investment Partners, Richard co-managed Helios's Private Equity energy investments throughout Africa. Richard is a Fellow of the Canadian Global Affairs Institute. He is also a leading author and speaker on the role of energy in society and economics. He holds a BSc in Geology, an MSc in Petroleum Geology and a PhD in Petroleum Engineering (Imperial College, London). Richard is also a Director of Maha Energy AB.

Huw Jenkins

Huw Jenkins is the vice-chairman of the board of directors of BTG Pactual and BTG Pactual Participations, which holds investments made with the group's own capital, such as private equity and property. He is a managing partner of BTG Pactual, as well as a member of the Global Management Committee. With over 35 years of investment banking experience, and roles at companies including UBS AG, BZW Investment Management, Hill Samuel and HSBC, Mr. Jenkins brings a wealth of experience to his leadership. Following a successful career spanning 12 years at UBS AG, which saw him become Chairman and Chief Executive Officer of UBS Investment Bank, Mr. Jenkins left UBS AG in 2008 and joined BTG Pactual. Mr. Jenkins is also Chief Executive Officer and Chairman of the Board of Directors of Engelhart Commodities Trading Partners (ECTP), formerly known as BTG Pactual Commodities, which was spun out of BTG Pactual in 2016. Mr. Jenkins has a BA (Hons) in Psychology and Sociology from the University of Liverpool, which was followed by an MBA from London Business School.

Edwyn Neves

Edwyn Neves is a managing director partner at BTG Pactual where he is responsible for the Capital Solutions Group, in addition to managing proprietary equity investments in Prime and Estapar, a publicly listed company in Brazil and the largest parking company of Latin America. Mr. Neves is a board member of Prime, the Chairman of Estapar and the Chairman of the Nomination Committee of Maha Energy, a publicly listed company in Sweden with oil and gas assets in Brazil, USA and Venezuela. Over the last 16 years at BTG Pactual, Mr. Neves has led investments of more than US$6 billion in over 100 transactions across several different sectors and instrument types (common and preferred equity and senior/junior/mezzanine debt). Mr. Neves holds a Bachelor Degree in Business Administration from Fundação Getulio Vargas.

Ahonsi Unuigbe

Ahonsi Unuigbe is the founder, chief executive officer and a director of Petralon Energy, a private African oil and gas company committed to indigenous ownership and sustainability. Mr. Unuigbe has over 20 years experience in oil & gas project finance and sectors spanning energy, petrochemicals & power. He worked for 11 years in investment banking and project finance starting at Citigroup in London, where he rose to the position of Manager, Project and Corporate Finance. He went on to provide oversight for the execution of various project / structured finance and advisory mandates at Standard Bank, where he served as Director & Head of the Project & Structured Finance Group. He also had a stint in the public sector (on secondment from Standard Bank), as Special Adviser to the Minister of Finance and later as Honourable Commissioner for the Ministry of Budget, Planning and Development in Edo State, where he played a pivotal role in securing budget support for the State from the World Bank. He was a founding Executive of First Hydrocarbon Nigeria (FHN), where he served as Chief Financial Officer/Executive Director, a role in which he led the company's financing of its acquisition of OML 26 from the Shell JV for US$147.5 million. He is a recipient of the 2009 Archbishop Desmond Tutu Leadership Fellowship Award for Emerging Young African Leaders. Mr. Unuigbe holds a bachelor's degree in Economics from the University of Sussex United Kingdom and a master's degree in International Securities and Investment Banking from the ISMA Centre, University of Reading United Kingdom. He is the Chairman of the Nigerian Exchange Limited (NGX) and also on the supervisory board of Prime in the Netherlands.

EXECUTIVE OFFICERS OF THE ENLARGED AFRICA OIL

Following completion of the Amalgamation, Pascal Nicodeme will cease to be Chief Financial Officer of Africa Oil. BTG Oil & Gas will nominate Aldo Perracini as the Chief Financial Officer of Africa Oil, pursuant to its Chief Financial Officer nomination rights granted under the Investor Rights Agreement.

Aldo Perracini

Mr. Perracini is currently the Chief Executive Officer and a member of the Managing Board of Prime, as well as a Director of the two Nigerian subsidiaries held by Prime. Mr. Perracini worked in the investment banking industry in Brazil for six years before joining Prime, mostly in the Private Equity division of BTG Pactual, and participated in several investment processes and had roles on the advisory boards of the investee companies. Mr. Perracini has been working with Prime since 2014, based out of the Netherlands, holding the following different positions: Manager of Strategy and Planning; Commercial Director; Chief Financial Officer; and, since 2022, Chief Executive Officer. Throughout his time at Prime, Mr. Perracini has managed the US$3 billion investment by Prime in Nigeria and led successful financing rounds for Prime in excess of US$4 billion.

All other executive officers of Africa Oil will continue in their positions following completion of the Amalgamation.

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The pro forma condensed consolidated statement of financial position as at June 30, 2024 has been prepared for illustrative purposes only. The pro forma condensed consolidated statement of net income for the six-month period ended June 30, 2024 and the year ended December 31, 2023 has been prepared for illustrative purposes only. The pro forma condensed consolidated statement of financial position has been prepared from the unaudited condensed consolidated balance sheet of Africa Oil and unaudited balance sheet of BTG as at June 30, 2024, and gives pro forma effect to the completion of the Amalgamation as if it had occurred on June 30, 2024. The pro forma condensed consolidated statement of net income for the year ended December 31, 2023 and the pro forma condensed consolidated statement of net income for the six-month period ended June 30, 2024 have been prepared, respectively, from the audited consolidated statement of net income and comprehensive income of Africa Oil, the audited statement of profit or loss and other comprehensive income of BTG, and audited special purpose consolidated statement of profit or loss and other comprehensive income of Prime for the year ended December 31, 2023, and from the unaudited condensed consolidated statement of net income and comprehensive income of Africa Oil, the unaudited statement of profit or loss and other comprehensive income of BTG, and the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income of Prime for the six-month period ended June 30, 2024, and gives pro forma effect to the completion of the Amalgamation as if it had occurred on January 1, 2023. Please see the pro forma information set out in Schedule C.

Pro Forma Consolidated Capitalization

For a breakdown of Africa Oil's pro forma consolidated capitalization, refer to Africa Oil's unaudited pro forma consolidated statement of financial position as at June 30, 2024, attached hereto as Schedule C. The pro forma consolidated capitalization includes pro forma adjustments to the unaudited consolidated statement of financial position of Africa Oil as at June 30, 2024. The pro forma adjustments are preliminary and have been made solely for the purpose of providing pro forma consolidated financial statements as described within the pro forma consolidated financial statements. Differences between the preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying pro forma consolidated financial statements and future results of operations and financial position.

INFORMATION CONCERNING BTG AND BTG OIL & GAS

BTG and BTG Oil & Gas are Subsidiaries of BTG Pactual, the largest investment bank in Latin America based in Sao-Paolo, Brazil which operates in the investment banking, corporate and SME lending, sales and trading, asset management and wealth management and consumer banking markets. BTG Pactual currently employs approximately 6,300 people in offices across Brazil, Chile, Colombia, Mexico, Argentina, Peru, USA, United Kingdom, Portugal, Spain and Luxembourg. BTG Pactual is listed on the São Paulo Stock Exchange. For more information about BTG Pactual, see BTG Pactual's website at www.btgpactual.com. For certainty, the information on BTG Pactual's website is not incorporated by reference into this Circular and should not be considered a part of this Circular.

BTG Pactual is headquartered in Rio de Janeiro, Brazil, an advanced emerging market. Emerging markets can be substantially more volatile, and substantially less liquid, than more developed markets such as Canada. Emerging markets could be subject to greater political and economic instability, uncertainty regarding the existence of trading markets and more governmental limitations on foreign investment than most developed markets. There may be less information publicly available with regard to emerging market issuers and such issuers are not subject to the uniform accounting, auditing and financial reporting standards applicable to Canadian issuers. There may be no single centralized securities exchange on which securities are traded in emerging market countries and there may be a lack of established political, business and social frameworks to support the existing securities markets. Securities laws in many emerging markets countries are relatively new and unsettled. In addition, laws regarding foreign investment in emerging market securities, securities regulation, title to securities and shareholder rights may change quickly and unpredictably. Further, the enforcement of systems of taxation at federal, regional and local levels in emerging market countries may be inconsistent, and subject to sudden change. Investments in foreign markets also carry potential exposure to the risk of political upheaval, acts of terrorism and war, and/or expropriation by governments.

BTG acquired its stake in Prime in 2013. BTG is, and at all times since its inception has been, a passive holding company, with no employees, whose only asset has been a direct or indirect equity interest in Prime, amounts owing by Prime and cash. Upon the completion of the BTG Pre-Closing Reorganization, all of the issued and outstanding BTG Shares will be held by BTG Oil & Gas.

Audited consolidated financial statements of BTG as at and for the year ended December 31, 2023 (the "**BTG Annual Financial Statements**") and unaudited condensed interim financial statements of BTG as at and for the three and six month periods ended June 30, 2024 (together with the BTG Annual Financial Statements, the "**BTG Financial Statements**") are attached to this Circular as Schedule D.

INFORMATION CONCERNING PRIME

Prime is a 50:50 joint venture company between Africa Oil and BTG with activity focused on exploration and production of oil and gas in Nigeria. With headquarters in Rotterdam and Subsidiaries in Nigeria, Prime owns interests in two world-class producing deep-water assets located offshore Nigeria:

- 8% participating interest in the Chevron-operated petroleum mining lease 52 (Agbami field), and petroleum prospecting license 2003; and
- 16% participating interest in TotalEnergies EP Namibia B.V.-operated petroleum mining lease 2 (Akpo field), petroleum mining lease 3 (Egina field) and petroleum mining lease 4 (Preowei field), and petroleum prospecting license 261.

The audited special purpose consolidated financial statements of Prime as at and for the years ended December 31, 2023, 2022 and 2021 (the "**Prime Annual Financial Statements**") and unaudited interim condensed consolidated financial statements of Prime for the three and six month periods ended June 30, 2024, (together with the Prime Annual Financial Statements, the "**Prime Financial Statements**") are attached to this Circular as Schedule E.

For further information on Prime, please see the Company's AIF for the fiscal year ended December 31, 2023.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since January 1, 2024, no informed Person of Africa Oil or any associate or affiliate of an informed Person, has or had any material interest, direct or indirect, in any transaction or any arrangement which has materially affected or will materially affect Africa Oil or its Subsidiaries.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No: (i) director or executive officer of Africa Oil who has held such position at any time since January 1, 2024; or (ii) associate or affiliate of a Person in (i), has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

AUDITORS, TRANSFER AGENT AND REGISTRARS

PricewaterhouseCoopers LLP (Canada) is Africa Oil's current auditor.

Computershare Investor Services Inc. is Africa Oil's transfer agent and registrar for the Common Shares in Canada. The registrar for the Common Shares in Sweden is Euroclear Sweden.

INTERESTS OF EXPERTS

The Africa Oil Annual Financial Statements incorporated by reference in this Circular have been audited by PricewaterhouseCoopers LLP (Canada), as set forth in their report thereon, and incorporated herein by reference. In connection with the audit of the Africa Oil Annual Financial Statements, PricewaterhouseCoopers LLP (Canada) confirmed that they are independent within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Alberta, Canada. PricewaterhouseCoopers LLP's (Canada's) opinions incorporated by reference in this document only relate to the historical financial information as discussed in those opinions. Such opinions do not extend to prospective financial information and should not be read to do so.

The BTG Annual Financial Statements, attached to this Circular as Schedule D, have been audited by PricewaterhouseCoopers, Société coopérative (Luxembourg), as independent auditors (Réviseur d'entreprises agréé) of BTG as set forth in their audit opinion thereon, and included herein. In connection with the audit of the BTG Annual Financial Statements, PricewaterhouseCoopers, Société coopérative (Luxembourg) confirmed that they are independent within the meaning of the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF). PricewaterhouseCoopers, Société coopérative's (Luxembourg) opinion included in this document only relates to the historical financial information as discussed in that opinion. Such opinion does not extend to prospective financial information and should not be read to do so.

The Prime Annual Financial Statements, attached to this Circular as Schedule E, have been audited by PricewaterhouseCoopers Accountants N.V. (Netherlands), as set forth in their audit opinions thereon, and included herein. In connection with the audit of the Prime Annual Financial Statements, PricewaterhouseCoopers Accountants N.V. (Netherlands) confirmed that they are independent in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. PricewaterhouseCoopers Accountants N.V.'s (Netherlands) opinions included in this document only relate to the historical financial information as discussed in those opinions. Such opinions do not extend to prospective financial information and should not be read to do so.

RISC (UK) Limited is an independent petroleum engineering consultant retained by the Company, and such reserves information has been so included in reliance on the opinion and analysis of RISC (UK) Limited, given upon the authority of said firm as experts in reserves engineering. The partners, employees and consultants of RISC (UK) Limited, as a group, beneficially own, directly or indirectly, less than 1% of the Company's securities of any class.

Evercore has prepared and delivered to Africa Oil the Fairness Opinion with respect to the Exchange Ratio pursuant to the Amalgamation, a copy of which is attached to this Circular as Schedule F. Evercore, or any partner or associate thereof, has not received nor will receive a direct or indirect interest in the property of Africa Oil or BTG. As of the date of this Circular, Evercore and the "designated professionals" of Evercore, as a group, beneficially own, directly or indirectly, less than 1% of the issued and outstanding Common Shares or BTG Shares. In addition, Evercore and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have long or short positions in the securities of Africa Oil and/or BTG and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it receives or may receive commissions. As an investment dealer, Evercore and its affiliates provide research reports and investment advice to its clients on investment matters, including with respect to Africa Oil, BTG and the Amalgamation. Evercore and its affiliates may, in the ordinary course of business, provide other financial services to Africa Oil, BTG or any of their associates or affiliates.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting, other than as set out in this Circular. However, if any other business is properly presented at the Meeting and may be properly considered and acted upon, proxies will be voted by those Persons named in the proxy in their discretion, including with respect to any amendments or variation to the matters identified in the Meeting materials.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR+ under the Company's profile at www.sedarplus.com. Financial information regarding the Company is provided in the Africa Oil Annual Financial Statements.

Copies of the consolidated financial statements and related management's discussion and analysis, as well as a copy of the Company's AIF for the fiscal year ended December 31, 2023, may be accessed on the Company's website at www.africaoilcorp.com or Shareholders may contact the Company to request copies of the consolidated financial statements, management's discussion and analysis, and the Company's AIF, as follows:

E-mail: shahin.amini@africaoilcorp.com

Mail: Africa Oil Corp. – Attn: Investor Relations,
c/o Suite 2500, 666 Burrard Street,
Vancouver, BC, Canada V6C 2X8

APPROVAL OF DIRECTORS

The contents and sending of this Circular, including the notice of special Meeting, have been approved and authorized by the Board.

September 13, 2024

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Roger Tucker*"
Roger Tucker
President and Chief Executive Officer

SCHEDULE A
AMALGAMATION AGREEMENT

(see attached)

AMALGAMATION AGREEMENT

Made as of June 23, 2024

by and among

BTG PACTUAL HOLDING S.A.R.L.

and

BTG PACTUAL OIL & GAS S.A.R.L.

and

AFRICA OIL CORP.

and

AFRICA OIL PAPA CORP.

Table of Contents

Table of Contents

Table of Contents

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT dated as of the 23rd day of June, 2024.

AMONG:

> **BTG PACTUAL HOLDING S.A.R.L.**, a Luxembourg private limited liability company (société à responsabilité limitée), having its registered office address at 46A, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under the number B179455 ("**BTG**")

AND

> **BTG PACTUAL OIL & GAS S.A.R.L.**, a Luxembourg private limited liability company (société à responsabilité limitée), having its registered office address at 46A, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under the number B178407 ("**BTG Parent**")

AND

> **AFRICA OIL CORP.**, a corporation incorporated under the laws of the Province of British Columbia ("**Africa Oil**")

AND

> **AFRICA OIL PAPA CORP.**, a corporation incorporated under the laws of the Province of British Columbia ("**ReorgCo**")

WHEREAS upon the terms and subject to the conditions set out in this Agreement, the Parties hereto intend to effect a reorganization transaction whereby, among other things, BTG will continue as a company under the laws of British Columbia, and following such continuation BTG and ReorgCo will amalgamate and continue as one company in accordance with the terms and conditions hereof;

AND WHEREAS ReorgCo is a wholly-owned Subsidiary of Africa Oil and has not carried on active business and Africa Oil desires that ReorgCo amalgamate with BTG under the laws of British Columbia in accordance with the terms and conditions hereof;

AND WHEREAS the Africa Oil Board of Directors has unanimously: (i) determined that the transactions contemplated by this Agreement are in the best interests of Africa Oil; (ii) approved this Agreement and the transactions contemplated hereby; and (iii) recommended that the Africa Oil Shareholders vote in favour of the Africa Oil Meeting Resolutions;

AND WHEREAS the BTG Board of Directors has unanimously: (i) determined that the transactions contemplated by this Agreement are in the best interests of BTG; and (ii) approved this Agreement and the transactions contemplated hereby;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the respective covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

(a) "**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons "acting jointly or in concert" (within the meaning of NI 62-104) other than a Party (or any affiliate of a Party) relating to: (i) any direct or indirect sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), in a single transaction or a series of related transactions, of assets (including, for clarity, securities of a Subsidiary of a Party or, in the case of Africa Oil, the Africa Oil Equity Investees) representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Party and its Subsidiaries, on a consolidated basis, based on the Party's most recent financial statements, or 20% or more of the voting, equity or other securities of the Party (or rights or interests therein or thereto); (ii) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities or any other equity interests (including securities convertible into or exercisable or exchangeable for securities or equity interests) of a Party; (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving a Party or any of its Subsidiaries; or (iv) any other similar transaction or series of transactions involving a Party or any of its Subsidiaries, provided that, in the case of BTG, any offer, proposal or inquiry (written or oral) relating to the following will not constitute an Acquisition Proposal: (A) the BTG Pre-Closing Reorganization; (B) any indirect transfer of the shares of BTG via the transfer of shares and/or quotas issued by Banco BTG Pactual S.A. or any change of control of Banco BTG Pactual S.A.; (C) any indirect transfer of securities of BTG via the transfer of shares and/or quotas of any affiliate of BTG which is indirectly a shareholder of BTG or any change to the shareholding structure and/or corporate composition of BTG or any of its affiliates which are indirectly shareholders of BTG, unless such transfer has as its only or substantially only transferred underlying asset, securities of BTG; (D) any transfer of equity interests in BTG or BTG Parent; or (E) any direct or indirect transfer of equity interests of BTG or BTG Parent among the direct or indirect shareholders of BTG or BTG Parent, provided that, in the case of (C), (D) or (E), Banco BTG Pactual S.A. and/or its affiliates continue to have a direct equity interest in BTG of greater than 65% and in the case of (D) or (E), (X) the transferee is not subject to Sanctions or listed on any Sanctions List; and (Y) the transferee has not in the prior five years been convicted of breaching any Anti-Corruption Laws in the United States, United Kingdom, European Union or Nigeria (or entered into any deferred or non-prosecution agreement with any Governmental Entity in those jurisdictions) unless such transferee warrants to the transferor, as at the date of the transfer, that (i) it is in compliance with all Anti-Corruption Laws in the United States, United Kingdom, European Union or Nigeria applicable to it at that date; (ii) the historical issues to which the conviction or deferred or non-prosecution agreement relate have been "remedied" (meaning that the relevant conduct has ceased), and (iii) it has in place policies, procedures, controls and systems reasonably designed to ensure compliance with Anti-Corruption Laws in the United States, United Kingdom, European Union or Nigeria (as applicable);

(b) "**Act**" means the *Business Corporations Act* (British Columbia);

(c) "**affiliate**" means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified and, for the purposes of this definition, "control" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract, or otherwise;

(d) "**Africa Energy**" means Africa Energy Corp.;

(e) "**Africa Oil Board of Directors**" means the board of directors of Africa Oil as it may be constituted from time to time;

(f) "**Africa Oil Disclosure Letter**" means the letter dated as of the date of this Agreement, delivered by Africa Oil to BTG with respect to certain matters in this Agreement;

(g) "**Africa Oil Equity Investee**" means any Person in which Africa Oil directly or indirectly holds an equity interest but is not a Subsidiary of Africa Oil, including, but not limited to, Africa Energy, Eco and Impact, but not including Prime and its Subsidiaries;

(h) "**Africa Oil Equity Investee Director**" means the individuals listed in Section 1.1(h) of the Africa Oil Disclosure Letter who are currently members of the specified board of directors of an Africa Oil Equity Investee and their successors as nominees of Africa Oil on the applicable boards of directors of Africa Oil Equity Investees, if applicable;

(i) "**Africa Oil Financial Statements**" has the meaning ascribed thereto in Section 4.1(n);

(j) "**Africa Oil Indemnified Parties**" has the meaning ascribed thereto in Section 4.6;

(k) "**Africa Oil Meeting**" means the special meeting of Africa Oil Shareholders, and any adjournment(s) or postponement(s) thereof, to consider and, if thought advisable, authorize, approve and adopt each of the Africa Oil Meeting Resolutions;

(l) "**Africa Oil Meeting Resolutions**" means the resolutions substantially in the form set forth in Appendix "A" and any additional resolutions required by the TSX in connection with its approval of the transactions herein;

(m) "**Africa Oil Plans**" means the LTIP Plan and the Stock Option Plan;

(n) "**Africa Oil Reserves Information**" means the estimates of Africa Oil's reserves in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* as at December 31, 2023;

(o) "**Africa Oil Shareholders**" means holders of Africa Oil Shares;

(p) "**Africa Oil Shares**" means the issued and outstanding common shares in the authorized share structure of Africa Oil;

(q) "**Africa Oil Support Agreements**" means, collectively, the agreements between BTG and each of the Africa Oil Supporting Shareholders pursuant to which the Africa Oil Supporting Shareholders have agreed to, among other things, vote the Africa Oil Shares beneficially owned or controlled by such Africa Oil Supporting Shareholders in favour of each of the Africa Oil Meeting Resolutions and to otherwise support the Amalgamation, as provided therein;

(r) "**Africa Oil Supporting Shareholders**" means each of the directors and executive officers of Africa Oil and such other Africa Oil Shareholders that have entered into Africa Oil Support Agreements;

(s) "**Africa Oil Termination Fee**" has the meaning ascribed thereto in Section 7.1(b);

(t) "**Africa Oil Termination Fee Event**" has the meaning ascribed thereto in Section 7.1(b);

(u) "**Africa Oil Transaction Expenses**" means the costs and expenses incurred in connection with the Fairness Opinion;

(v) "**Agreement**" means this Amalgamation Agreement;

(w) "**Agreement Date**" means the date hereof;

(x) "**Amalco**" means the amalgamated company arising as a result of the Amalgamation;

(y) "**Amalco Articles**" means the articles of Amalco immediately following completion of the Amalgamation, substantially in the form set forth in Appendix "C";

(z) "**Amalco Shares**" means common shares in the authorized share structure of Amalco;

(aa) "**Amalgamation**" means the amalgamation of BTG and ReorgCo pursuant to Section 269 of the Act contemplated by this Agreement;

(bb) "**Amalgamation Application**" means the amalgamation application that will be filed with the Registrar under Section 275(1)(a) of the Act to give effect to the Amalgamation, substantially in the form attached hereto as Appendix "B";

(cc) "**Amalgamation Certificate**" means the certificate of amalgamation issued by the Registrar pursuant to the Act giving effect to the Amalgamation;

(dd) "**Anti-Corruption Laws**" has the meaning ascribed thereto in Section 4.1(q);

(ee) "**Anti-Money Laundering Laws**" means all anti-money laundering or counter terrorist financing Laws applicable to the relevant Person, including the anti-money laundering and counter terrorist financing statutes of all jurisdictions applicable to the relevant Person and any related or similar applicable rules, regulations, or guidelines issued, administered or enforced by any Governmental Entity;

(ff) "**Assessment**" means any written audit inquiry, assessment, reassessment, confirmation or variation of an assessment, indication that a Tax assessment is being considered, request for filing of a waiver or extension of time or any other notice in writing relating to Taxes;

(gg) "**Board Recommendation**" has the meaning ascribed thereto in Section 2.6(b);

(hh) "**Breaching Party**" has the meaning ascribed thereto in Section 6.4(b);

(ii) "**BTG Board of Directors**" means, prior to the Continuance, the board of managers of BTG and, following the Continuance, the board of directors of BTG, in each case as it may be constituted from time to time;

(jj) “**BTG Disclosure Letter**” means the letter dated as of the date of this Agreement, delivered by BTG to Africa Oil with respect to certain matters in this Agreement;

(kk) “**BTG Financial Statements**” means the unaudited comparative consolidated financial statements of BTG as at and for the years ended December 31, 2023 and 2022 together with the notes thereto;

(ll) “**BTG Indemnified Parties**” has the meaning ascribed thereto in Section 4.3;

(mm) “**BTG Information**” means the information provided by BTG for inclusion in the Information Circular;

(nn) “**BTG Nominees**” means the persons nominated by BTG Parent pursuant to the Investor Rights Agreement to become directors of Africa Oil as of the Effective Time;

(oo) “**BTG Pre-Closing Reorganization**” means the transactions set forth in Section 1.1(oo) of the BTG Disclosure Letter, including the Continuance;

(pp) “**BTG Shares**” means, prior to the Continuance, all of the issued and outstanding ordinary shares in the capital of BTG and, following the Continuance, all of the issued and outstanding common shares in the authorized share structure of BTG;

(qq) “**BTG Tax Matter**” has the meaning ascribed thereto in Section 5.6;

(rr) “**BTG Termination Fee**” has the meaning ascribed thereto in Section 7.1(d);

(ss) “**BTG Termination Fee Event**” has the meaning ascribed thereto in Section 7.1(d);

(tt) “**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in Vancouver, British Columbia, Sao Paulo, Brazil or London, England are not generally open for business;

(uu) “**Change in Recommendation**” has the meaning ascribed thereto in Section 8.3(c);

(vv) “**Clean Team Agreement**” means the addendum dated April 12, 2024 to the confidentiality agreement dated February 19, 2024, each between Africa Oil and BTG, as amended May 20, 2024;

(ww) “**Closing Time**” means 6:00 a.m. (Vancouver time) on the Effective Date unless otherwise agreed by BTG and Africa Oil;

(xx) “**Confidentiality Agreement**” means the confidentiality agreement between BTG and Africa Oil dated as of the November 21, 2023, as amended;

(yy) “**Continuance**” means the continuance of BTG as a company under the Act without dissolution and/or discontinuation as part of the BTG Pre-Closing Reorganization;

(zz) “**Continuance Date**” means the date on which the Continuance Time occurs;

(aaa) “**Continuance Time**” means the time at which the Registrar issues a certificate of continuation to BTG;

(bbb) “**CUOA**” means the contractor unit operating agreement for the Agbami field dated February 13, 2005, as amended and/or restated from time to time;

(ccc) "**Cure Period**" has the meaning ascribed thereto in Section 6.4(b);

(ddd) "**Data Room**" means the data room, as of the date of this Agreement, containing documents and information relating to Africa Oil made available by Africa Oil, the contents of which are listed in Section 1.1(ddd) of the Africa Oil Disclosure Letter;

(eee) "**Determination Date**" has the meaning ascribed thereto in Section 2.12(a);

(fff) "**Draft Prospectus**" has the meaning ascribed thereto in Section 2.8(c);

(ggg) "**Eco**" means Eco (Atlantic) Oil & Gas Ltd;

(hhh) "**Effective Date**" means the date the Amalgamation becomes effective under the Act;

(iii) "**Effective Time**" means the time the Amalgamation becomes effective under the Act;

(jjj) "**Environmental Laws**" means any applicable federal, provincial, territorial, state, regional, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters;

(kkk) "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129 of the European Parliament and of 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;

(lll) "**Fairness Opinion**" means the independent fairness opinion of Evercore Inc. to the effect that, as of the date of this Agreement, the Amalgamation is fair, from a financial point of view, to the Africa Oil Shareholders;

(mmm) "**FCCPC**" has the meaning set forth in Appendix "C";

(nnn) "**Final Compulsory Payment Amount**" has the meaning ascribed thereto in Section 5.6(c);

(ooo) "**Final Compulsory Payment Indemnification Event**" means a Final Determination having been made regarding a liability requiring payment under applicable Law or any Order;

(ppp) "**Final Determination**" means a determination made by a Governmental Entity (including pursuant to a settlement) where all rights to object to or appeal from the determination (including any right to obtain relief under a competent authority or similar process) have been exhausted or have expired;

(qqq) "**Finance Documents**" means the up to $250,000,000 term loan facility agreement entered into on May 13, 2021 entered into by Africa Oil, as amended and/or restated from time to time;

(rrr) "**Foreign Public Official**" means any: (a) officer, employee or representative of any foreign Governmental Entity; (b) officer, employee or representative of any commercial enterprise or entity that is owned or controlled by a foreign Governmental Entity; (c) officer, employee or representative of any public international organization, such as the African Union, the International Monetary Fund, the United Nations or the World Bank; (d) Person acting in an official capacity or who performs public duties or functions for any foreign Governmental Entity, enterprise or organization identified above; or (e) foreign political party, foreign political party official or candidate for foreign political office;

(sss) "**Governance Agreements**" means:

(i) the strategic alliance agreement between Africa Oil and Eco dated November 12, 2017;

(ii) the investor agreement between Impact, Deepkloof Limited, and Africa Oil dated as of February 7, 2018 in relation to Impact; and

(iii) the amended and restated promissory note issued by Africa Energy, as debtor, in favour of *inter alia* Africa Oil dated November 7, 2023;

(ttt) "**Governmental Entity**" means any:

(i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign;

(ii) subdivision, agent, commission, official, board or authority of any of the foregoing; or

(iii) quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including any stock exchange;

(uuu) "**Hydrocarbons**" means oil, gas, condensate and other gaseous and liquid hydrocarbons or any combination thereof;

(vvv) "**IFRS**" means International Financial Reporting Standards, which are issued by the International Accounting Standards Board;

(www) "**Impact**" means Impact Oil & Gas Limited;

(xxx) "**Information Circular**" means the management information circular containing information relating to BTG and Africa Oil, and all related and applicable mailing materials, to be sent to the Africa Oil Shareholders in connection with the Africa Oil Meeting, and all amendments and supplements thereto, if any;

(yyy) "**Interim Period Committee**" has the meaning ascribed thereto in Section 3.6(a);

(zzz) "**Investment Canada Act**" means the *Investment Canada Act*;

(aaaa) "**Investment Canada Regulations**" means the *Investment Canada Regulations*;

(bbbb) "**Investor Rights Agreement**" means the investor rights agreement between Africa Oil and BTG Parent dated the date hereof;

(cccc) "**Kenyan Alternative Dispute Resolution Agreement**" means the alternative dispute resolution agreement dated March 1, 2023 between the Kenya Regulatory Authority and Africa Oil Kenya B.V.;

(dddd) "**Kenya Withdrawal**" means the withdrawal by the relevant Africa Oil Subsidiary from Petroleum Blocks 10BA, 10BB and 13T in Kenya;

(eeee) "**Laws**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic, multinational or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise;

(ffff) "**Letter of Intent**" means the letter of intent between Africa Oil and BTG dated April 4, 2024;

(gggg) "**LTIP Plan**" means Africa Oil's long term incentive plan effective April 19, 2016, as amended;

(hhhh) "**Luxembourg GAAP**" means the Generally Accepted Accounting Principles of Luxembourg;

(iiii) "**Market Capitalization**" means the volume weighted average trading price of the Africa Oil Shares on the TSX for the thirty (30) trading days ending on the last trading day prior to the date of this Agreement multiplied by the number of Africa Oil Shares issued and outstanding as of the close of business on that day;

(jjjj) "**Master Agreement**" means the master agreement entered into on June 23, 2024 between ***[Redacted – Reference to third parties.]***, BTG and BTG Parent in respect of the BTG Pre-Closing Reorganization;

(kkkk) "**Matching Period**" has the meaning thereto in Section 3.3(c);

(llll) "**Material Adverse Change**" or "**Material Adverse Effect**" means, in respect of a Party, any fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate, is, or individually or in the aggregate would reasonably be expected to be, material and adverse to the assets, business, operations, property, results of operations, financial condition or liabilities (contingent or otherwise) of such Party and its Subsidiaries, on a consolidated basis, but excluding any such fact or state of facts, circumstance, change, effect, occurrence or event to the extent resulting from or arising in connection with:

(i) any change or development generally affecting the upstream oil and gas industry in any African jurisdiction;

(ii) any change in Law, IFRS, Luxembourg GAAP or regulatory accounting requirements or in the interpretation, application or non-application of the foregoing by any Governmental Entity,

(iii) any change in general economic, business, regulatory, political (including strikes, lockouts, protests, riots or facility takeover for emergency purposes), financial, capital, securities, credit, commodity or currency market conditions, including any change in interest, inflation or exchange rates, in any jurisdiction in which the Party or any of its Subsidiaries operate;

(iv) any change in the price of oil;

(v) any change resulting from any act of terrorism or any outbreak of hostilities or declared or undeclared war, or any escalation or worsening of such acts of terrorism, hostilities or war;

(vi) any pandemic or outbreak of illness (including any worsening thereof) or other health crisis or public health event occurring after the date hereof;

(vii) any earthquake or other natural disaster;

(viii) any action taken (or omitted to be taken) by any Party or any of its Subsidiaries, which is required or expressly permitted to be taken (or omitted to be taken) pursuant to this Agreement or that is consented to by the Other Party;

(ix) the announcement of this Agreement or the pendency or consummation of the Amalgamation or the transactions contemplated hereby;

(x) any litigation or claim threatened or initiated by shareholders of a Party against the Party or any of its Subsidiaries relating to the execution, announcement or performance of this Agreement or the consummation of the transactions contemplated hereby;

(xi) any change, effect, event or development arising from or out of any existing fact, state of facts, event or occurrence which has been disclosed in the Africa Oil Disclosure Letter or the BTG Disclosure Letter, as applicable, to the extent disclosed (it being understood that any change in respect thereof may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred);

(xii) in respect of Africa Oil, any change in the trading price or any change in the trading volume of any listed securities of Africa Oil or any suspension of trading in securities generally or on any exchange on which such securities are listed (it being understood that the causes underlying such change in trading price or trading volume or suspension of trading (other than those in clauses (i) to (xiii)) may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred);

(xiii) any failure of a Party or any of its Subsidiaries to meet any internal or published projections, forecasts, guidance or estimates of revenues, earnings or cash flows (it being understood that the causes underlying such failure may, to the extent not otherwise excluded by (i) through (xiii), be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred);

provided, however, in the case of each of the foregoing (i) through (vii), only to the extent such matter does not have a material disproportionate effect on such Party and its Subsidiaries, taken as a whole, relative to other companies and entities operating in the industries in which such Party and/or its Subsidiaries operate, and references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for the purposes of determining whether a Material Adverse Change or Material Adverse Effect has occurred;

(mmmm) "**Material Contracts**" means:

(i) the Material Interest Documents;

(ii) the Governance Agreements;

(iii) the Finance Documents;

(iv) any other contract, agreement or arrangement:

(A) under which Africa Oil or any of its Subsidiaries has borrowed or has incurred financial indebtedness in the nature of borrowing from any entity that is not Africa Oil or any of its Subsidiaries;

(B) entered into by Africa Oil or any of its Subsidiaries and which are material to the business of Africa Oil or its Subsidiaries; or

(C) under which the obligations of an entity which is not one of Africa Oil's Subsidiaries is guaranteed by Africa Oil or any of Africa Oil's Subsidiaries;

(D) for the sale of production from any of the Material Interests where such contract is material to the business of Africa Oil or the relevant Subsidiary (as may be a counterparty to such contract);

(nnnn) "**Material Interest Documents**" means:

(i) in relation to Equatorial Guinea:

(A) the production sharing contract between the Republic of Equatorial Guinea, Guinea Ecuatorial de Petróleos and Africa Oil Beta B.V ("**AOBBV**") dated as of February 17, 2023 relating to Block EG-18;

(B) the joint operating agreement between AOBBV and Guinea Ecuatorial de Petróleos dated as of August 14, 2023 relating to Block EG-18;

(C) the production sharing contract between the Republic of Equatorial Guinea, Guinea Ecuatorial de Petróleos and Africa Oil Alpha B.V. ("**AOABV**") dated as of February 17, 2023 relating to Block EG-31; and

(D) the joint operating agreement between AOABV and Guinea Ecuatorial de Petróleos dated as of August 14, 2023 relating to Block EG-31;

(ii) in relation to South Africa:

(A) the joint operating agreement between Africa Oil SA Corp. ("**AOSA**"), Azinam Limited ("**Azinam**") and Ricocure Proprietary Limited ("**Ricocure**") dated as of December 15, 2022 relating to Block 3B/4B;

(B) the farm out agreement between AOSA, Azinam, Ricocure, TotalEnergies EP South Africa B.V. ("**Total**") and QatarEnergy International E&P LLC ("**QatarEnergy**") dated as of March 5, 2024 relating to Block 3B/4B ("**Block 3B/4B FOA**");

(C) the joint operating agreement to be entered into between AOSA, Azinam, Ricocure, Total and QatarEnergy upon completion of the transaction contemplated in the Block 3B/4B FOA relating to Block 3B/4B; and

(D) the exploration right granted on March 27, 2019 by the Minister of Mineral Resources and Energy of South Africa to Ricocure under reference number 12/3/339;

(iii) in relation to Kenya:

(A) the production sharing contract between the Government of Kenya and Centric Energy (Kenya) Limited ("CEKL") related to Block 10BA dated January 27, 2010;

(B) the joint operating agreement between Tullow and CEKL related to Block 10BA dated September 27, 2010;

(C) the production sharing contract between the Government of Kenya and the Turkana Drilling Consortium (Kenya) Limited related to Block 10BB dated October 25, 2007;

(D) the joint operating agreement between Africa Oil Turkana Limited and Lion Energy Kenya (10BB) Limited related to Block 10BB dated May 31, 2007;

(E) the production sharing contract between the Government of Kenya and Platform Resources Limited relating to Block 13T dated September 17, 2008;

(F) the joint operating agreement between Africa Oil Kenya B.V. and Tullow related to Block 13T dated January 26, 2011; and

(G) the joint development agreement entered into on October 24, 2017 between the Government of Kenya, Tullow, Africa Oil Turkana Limited, Africa Oil Kenya B.V., Maersk Oil Exploration International K2 Ltd, and Maersk Oil Exploration International K3 Ltd relating to the development of Block 10BB and Block 13T;

(iv) in relation to Namibia:

(A) Petroleum Exploration Licences 91 (Block 2912) and 56 (Block 2913B); and

(v) to the extent not already described above, in relation to each of the Material Interests, any:

(A) production sharing contract, licence or similar agreement with a Governmental Entity governing the rights associated with exploration and production of Hydrocarbons; and

(B) joint operation agreement or similar agreement with any other third parties regulating each party with a participating interest in such Interest,

in each case as amended, novated, assigned or supplemented from time to time;

(oooo) "**Material Interests**" means any of Africa Oil's or its Subsidiaries' or Impact's participating interests in:

(i) Equatorial Guinea: Blocks EG-18 and EG-31;

(ii) South Africa: Blocks 3B/4B; and

(iii) Namibia: Blocks 2912 and 2913B;

as regulated by the Material Interest Documents, together with all rights and obligations attaching thereto including a consequent share of (i) the right to take and receive all petroleum produced pursuant to the relevant Material Interest Documents and/or to receive the gross proceeds from the sale or other disposition thereof; (ii) the right, title and interest in and to jointly owned funds, jointly owned property and all other assets which are or may be owned pursuant to or under any of the Material Interest Documents; and (iii) all rights, liabilities and obligations associated with the foregoing under the Material Interest Documents;

(pppp) "**Meeting Deadline**" has the meaning ascribed thereto in Section 2.5(a);

(qqqq) "**Misrepresentation**" has the meaning ascribed thereto under Securities Laws;

(rrrr) "**Nasdaq Stockholm**" means the regulated market operated by Nasdaq Stockholm AB, governed by the Swedish Securities Market Act (Sw. lag (2007:528) om värdepappersmarknaden) and subject to the supervision by the Swedish Financial Supervisory Authority;

(ssss) "**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

(tttt) "**NI 62-104**" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

(uuuu) "**Options**" means the outstanding options pursuant to the Stock Option Plan;

(vvvv) "**Order**" means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Entity;

(wwww) "**ordinary course of business**" means, with respect to an action taken or to be taken, or an inaction taken or to be taken, by a Party, that such action or inaction is consistent with the past practices of such Party, and is taken in the ordinary course of the normal day-to-day operations of the business of such Party and with respect to Africa Oil means (i) the business of exploration, development and production in the upstream oil and gas business, including equity investments in other Persons; and with respect to BTG means (ii) the direct and/or indirect holding of securities in Prime;

(xxxx) "**Other Party**" means: (i) with respect to BTG, BTG Parent and for the purposes of Section 3.3 the BTG Group, Africa Oil and ReorgCo; and (ii) with respect to Africa Oil and ReorgCo, BTG, BTG Parent and for the purposes of Section 3.3 the BTG Group;

(yyyy) "**Outside Date**" means September 24, 2025, provided that, if the Effective Date has not occurred by such date, then the Parties may mutually agree to extend the Outside Date by a specified period of not more than three months;

(zzzz) "**Parties**" means, collectively, BTG, Africa Oil and ReorgCo, and "**Party**" means any one of them;

(aaaaa) "**Payor**" has the meaning ascribed thereto in Section 7.1(b);

(bbbbb) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not it has legal status;

(ccccc) "**Pre-Closing Period**" means a taxation period of BTG commencing before the Effective Time and ending on or before the Effective Time;

(ddddd) "**Preliminary Compulsory Payment Amount**" has the meaning ascribed thereto in Section 5.6(a)(iii);

(eeeee) "**Prime**" means Prime Oil & Gas Cooperatief U.A.;

(fffff) "**Prime Pre-Closing Capital Contribution**" has the meaning ascribed thereto in Section 2.12(c);

(ggggg) "**Prime Pre-Closing Dividend**" has the meaning ascribed thereto in Section 2.12(a);

(hhhhh) "**Prime Subsidiaries**" means Prime 127 (Nigeria) Ltd. and Prime 130 (Nigeria) Ltd.;

(iiiii) "**Prospectus**" means the Swedish prospectus to be prepared in accordance with the EU Prospectus Regulation (EU) 2017/1129 and approved by the Swedish Financial Supervisory Authority as competent authority in connection with the admission to trading of the Africa Oil Shares issued pursuant to the Amalgamation on Nasdaq Stockholm;

(jjjjj) "**PSUs**" means the performance stock units granted under the LTIP Plan;

(kkkkk) "**Public Disclosure Record**" means all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) filed or furnished by Africa Oil with any Securities Authorities on or after January 1, 2022 and before the date hereof that are available to the public on SEDAR+;

(lllll) "**Registrar**" means the Registrar of Companies appointed pursuant to Section 400 of the Act;

(mmmmm) "**Regulatory Approvals**" means the approvals set forth in Appendix "C" hereto;

(nnnnn) "**Representatives**" means, in respect of a Person, such Person's officers, directors, employees, advisors (including legal and financial advisors), representatives and agents;

(ooooo) "**Requisite Approval**" means approval by a simple majority of votes of Africa Oil Shareholders cast in person or by proxy;

(ppppp) "**Returns**" shall mean all reports, estimates, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;

(qqqqq) "**RSUs**" means the restricted stock units granted under the LTIP Plan;

(rrrrr) "**Sanctions**" has the meaning ascribed thereto in Section 4.1(r);

(sssss) "**Sanctions Authorities**" means:

(i) the United Nations Security Council;

(ii) the United States Government;

(iii) the European Union;

(iv) the United Kingdom Government; and

(v) the respective governmental institutions and agencies of any of the foregoing, including without limitation, the Office of Foreign Assets Control of the US Department of Treasury ("**OFAC**"), the United States Department of State and Department of Commerce, and Her Majesty's Treasury;

(ttttt) "**Sanctions List**" means the Specially Designated Nationals and Blocked Persons list maintained by OFAC, the Denied Persons List maintained by the US Department of Commerce, the Consolidated List of Financial Sanctions Targets maintained by Her Majesty's Treasury, or any other list issued by or maintained by any Sanctions Authorities of persons subject to Sanctions (including investment or related restrictions), each as amended, supplemented or substituted from time to time;

(uuuuu) "**Securities Act**" means the *Securities Act* (British Columbia);

(vvvvv) "**Securities Authorities**" means the British Columbia Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the other provinces and territories of Canada;

(wwwww) "**Securities Laws**" means the Securities Act and all other applicable Canadian provincial and territorial securities Laws and applicable stock exchange rules and listing standards of the TSX, the securities legislation, regulations, rules and listing requirements applicable in Sweden, including the Takeover Act (SFS 2006:451), the Securities Trading Act (SFS 1991:980), the rules issued by the Swedish Financial Supervisory Authority, Nasdaq Stockholm's Takeover rules and the Market Abuse Regulation (EU) No 596/2014 and applicable stock exchange rules and listing standards of Nasdaq Stockholm;

(xxxxx) "**SEDAR+**" means the System for Electronic Document Analysis and Retrieval + described in National Instrument 13-103, System for Electronic Document Analysis and Retrieval + and available for public view at www.sedarplus.com;

(yyyyy) "**Stock Option Plan**" means the stock option plan of Africa Oil dated April 19, 2016;

(zzzzz) "**Straddle Period**" means a taxation period of BTG commencing before the Effective Time and ending after the Effective Time;

(aaaaaa) "**Subsidiary**" means, as to any Person (in this definition, the "first Person"), any other Person (in this definition, the "second Person"): (a) in the case of a limited partnership or limited liability company, in respect of which the first Person or a Subsidiary of the first Person is the general partner, the managing member or manager thereof; (b) of which at least a majority of the outstanding equity interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or similar governing body of the second Person (irrespective of whether or not at the time any equity interests of any other class or classes of the second Person shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the first Person or one or more of its Subsidiaries; (c) in the case of a partnership other than a limited partnership, the first Person or one or more of its Subsidiaries holds more than 50% of the interests of the second Person; or (d) that the first Person consolidates for accounting purposes;

(bbbbbb) “**Superior Proposal**” has the meaning ascribed thereto in Section 3.3(b)(vii)(A);

(cccccc) “**Tax**” or “**Taxes**” shall mean:

(i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity and whether or not disputed, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, share buy-back, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers’ compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, unclaimed property, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions;

(ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii);

(iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and

(iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party;

(dddddd) “**Tax Act**” means the *Income Tax Act* (Canada);

(eeeeee) “**Tax Matter**” has the meaning ascribed thereto in Section 5.6;

(ffffff) “**Terminating Party**” has the meaning ascribed thereto in Section 6.4(b);

(gggggg) “**Termination Notice**” has the meaning ascribed thereto in Section 6.4(b);

(hhhhhh) “**Third Party Beneficiaries**” has the meaning ascribed thereto in Section 10.8;

(iiiiii) “**Transfer Agent**” means Computershare Investor Services Inc., transfer agent and registrar for Africa Oil, or any successor transfer agent and registrar to Africa Oil;

(jjjjjj) “**TSX**” means the Toronto Stock Exchange;

(kkkkkk) “**Tullow**” means Tullow Kenya B.V.;

(llllll) ***[Redacted – Reference to third party litigation matter.]***; and (mmmmmm) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.

1.2 Interpretation Not Affected by Headings, etc.

The provision of a table of contents and the division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including the appendices hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Gender and Number

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Certain Phrases, etc.

The words (i) “including”, “includes” and “include” mean “including (or includes or include) without limitation,” and (ii) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”.

1.5 Capitalized Terms

All capitalized terms used but not otherwise defined in any Appendix hereto have the meanings ascribed to them in this Agreement.

1.6 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

1.7 Computation of Time

A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.

1.8 Time References

Unless otherwise expressly stated, references to time are to local time in Vancouver, British Columbia.

1.9 Currency

Unless otherwise stated, all sums of money which are referred to in this Agreement are expressed in lawful money of the United States of America.

1.10 Accounting Matters

Unless otherwise stated, in respect of Africa Oil and its Subsidiaries, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS. Unless otherwise stated, in respect of BTG, all accounting terms used in this Agreement shall have the meanings attributable thereto under Luxembourg GAAP or, following the Continuance, IFRS and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with Luxembourg GAAP, or following the Continuance, IFRS.

1.11 Knowledge

In this Agreement, whenever a representation or warranty is made on the basis of the knowledge or awareness of a Party (except the Africa Oil Equity Investee Directors), such knowledge or awareness consists only of the actual knowledge or awareness, as of the Agreement Date, of any of the senior officers of such Party, but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge; provided that the Party making the representation and warranty shall have conducted a reasonable investigation as to the subject matter relating thereto and the level of such investigation shall be that of a reasonably prudent person investigating a material consideration in the context of a material transaction and the use of such phrase shall constitute a representation and warranty by the Party making the representation and warranty in each case that such investigation has actually been made.

In this Agreement, whenever a representation or warranty is made on the basis of the knowledge of the Africa Oil Equity Investee Directors, such knowledge or awareness consists only of the actual knowledge or awareness, as of the Agreement Date, of such Africa Oil Equity Investee Directors, but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

1.12 Disclosure in Writing

Reference to disclosure in writing herein shall, in the case of BTG, mean disclosure in the BTG Disclosure Letter, or in the case of Africa Oil, mean disclosure in the Africa Oil Disclosure Letter. The Parties acknowledge and agree that, notwithstanding that information may be provided in the BTG Disclosure Letter or the Africa Oil Disclosure Letter under one particular heading of this Agreement, that information will be considered to qualify any other relevant representation in or provide information in respect of any other relevant provision of this Agreement to the extent it is reasonably apparent that such information is applicable to such other provision of the Agreement.

1.13 References to Legislation

Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise; provided, that for purposes of any representations and warranties contained in this Agreement that are made as of a specific date or dates, references to any statute or other Law shall be deemed to refer to such statute or other Law, as amended, and to any rules or regulations made thereunder, in each case, as of such date. All references to a provision of the Tax Act shall be deemed to include a reference to any equivalent or corresponding provision under the applicable Tax legislation of a province or territory of Canada.

1.14 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.15 Incorporation of Appendices

The following Appendices are annexed to this Agreement and are hereby incorporated by reference into this Agreement and form part hereof:

Appendix "A"	Africa Oil Meeting Resolutions
Appendix "B"	Amalgamation Application
Appendix "C"	Amalco Articles
Appendix "D"	Regulatory Approvals

ARTICLE 2
THE AMALGAMATION

2.1 General

Subject to the terms and conditions of this Agreement, each of the Parties hereto agrees to use its commercially reasonable efforts prior to the Effective Date to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or reasonably advisable to complete the transactions contemplated by this Agreement and the Amalgamation.

2.2 Steps to be taken by Africa Oil

(a) Subject to obtaining the approval of the Africa Oil Shareholders to the Africa Oil Meeting Resolutions and the satisfaction or waiver of the mutual conditions set out herein and the conditions herein contained in favour of Africa Oil, Africa Oil and ReorgCo agree that they shall, with the co-operation and participation of BTG, use commercially reasonable efforts to make such arrangements with the Registrar as may be necessary or desirable to permit: (i) the filing with the Registrar of the Amalgamation Application to be made on or before the Outside Date, and (ii) the obtaining of the Amalgamation Certificate in that regard.

(b) Africa Oil agrees that, prior to the filing of the Amalgamation Application and subject to the satisfaction or waiver of the mutual conditions set out herein and the conditions herein contained in favour of Africa Oil, Africa Oil shall provide to the Transfer Agent, in escrow (on terms satisfactory to BTG, acting reasonably), an irrevocable direction to issue to the BTG Parent the number of Africa Oil Shares issuable pursuant to the Amalgamation.

2.3 Steps to be taken by BTG

(a) BTG agrees that it shall complete the BTG Pre-Closing Reorganization prior to the Closing Time; provided that the BTG Pre-Closing Reorganization shall not be made effective unless and until all conditions set forth in Sections 6.1, 6.2 and 6.3, other than the completion of the BTG Pre-Closing Reorganization and those conditions which, by their nature, cannot be satisfied prior to the Closing Time, have been satisfied or, where not prohibited, waived by the applicable Party or Parties in whose favour the condition is and BTG is reasonably certain, after consulting with Africa Oil, that the Effective Date will occur promptly following completion of the BTG Pre-Closing Reorganization.

(b) BTG agrees that it shall, with the co-operation and participation of Africa Oil and subject to the satisfaction or waiver of the mutual conditions set out herein and the conditions herein contained in favour of BTG, use its commercially reasonable efforts to make such arrangements with the Registrar as may be necessary or desirable to permit: (i) the filing with the Registrar of the Amalgamation Application to be made on or before the Outside Date, and (ii) the obtaining of the Amalgamation Certificate in that regard.

2.4 Implementation

(a) *Agreement to Amalgamate.* BTG and ReorgCo hereby agree, subject to satisfaction or waiver of the conditions set forth in Section 6.1, Section 6.2 and Section 6.3, that, as promptly as practicable following the Closing Time, pursuant to Section 269 of the Act, BTG and ReorgCo shall jointly complete and file the Amalgamation Application, together with any other documents required under the Act, with the Registrar and amalgamate and continue as one company, being Amalco.

(b) *Name.* The name of Amalco shall be "Africa Oil Papa Corp.".

(c) *Registered Office.* The registered office of Amalco shall be located at Suite 2500, 666 Burrard Street, Vancouver B.C. Canada V6C 2X8.

(d) *Authorized Share Structure.* Amalco shall be authorized to issue no maximum number of shares designated as common shares which shall have the rights, privileges, restrictions and conditions set forth in the Amalgamation Application and Amalco Articles.

(e) *Number of Directors.* The number of directors of Amalco shall be two (2).

(f) *First Directors.* The number of first directors of Amalco shall be two (2). The first directors of Amalco shall be Roger Tucker, Suite 2500, 666 Burrard Street, Vancouver B.C. Canada V6C 2X8 and Joanna Kay, Suite 2500, 666 Burrard Street, Vancouver B.C. Canada V6C 2X8. The first directors shall hold office until the first annual or general meeting of the shareholders of Amalco or resolutions in lieu thereof, or until his or her successors are duly appointed or elected. The subsequent director(s) shall be elected each year thereafter as provided for in the articles of Amalco and pursuant to the Act. The management and operation of the business and affairs of Amalco shall be under the control of the director(s) as constituted from time to time.

(g) *Effect of Certificate of Amalgamation.* On the Effective Date, at the Effective Time, the Amalgamation of BTG and ReorgCo and their continuance as one company shall become effective; all of the property, rights and interests of each of BTG and ReorgCo shall continue to be the property, rights and interests of Amalco; Amalco shall continue to be liable for all of the obligations of each of BTG and ReorgCo; any existing cause of action, claim or liability to prosecution shall be unaffected; any legal proceeding being prosecuted or pending by or against either BTG or ReorgCo may be prosecuted, or its prosecution may be continued, by or against Amalco; a conviction against, or filing, order or judgment in favour of or against, either BTG or ReorgCo may be enforced by or against Amalco; the Certificate of Amalgamation, Notice of Articles and Amalco Articles shall be deemed to be the charter documents for Amalco; and the Amalgamation will not constitute an assignment by operation of law, a transfer or any other disposition of the property, rights and interests of BTG or ReorgCo to Amalco.

(h) *First Auditors.* The first auditors of Amalco shall be PricewaterhouseCoopers LLP. The first auditors of Amalco shall hold office until the first annual meeting of Amalco following the Amalgamation or until their successors are elected or appointed.

(i) *Fiscal Year End.* Amalco's fiscal year end shall be December 31.

(j) *Form of Amalgamation Application and Articles.* The Amalgamation Application, which will include the Notice of Articles of Amalco, will be in the form attached as Schedule "B". The Amalco Articles, which will be signed by a director of Amalco in accordance with Section 270(2)(d)(i) of the Act, will be in the form attached as Schedule "C".

(k) *General Effects of the Amalgamation*. At the Effective Time:

(i) the BTG Shares held by BTG Parent shall be exchanged for 239,828,655 fully paid and non-assessable Africa Oil Shares;

(ii) each ReorgCo common share held by Africa Oil shall be exchanged for one (1) fully paid and non-assessable Amalco Share;

(iii) the capital of Amalco in relation to the Amalco Shares shall be equal to the capital under the Act of the ReorgCo common shares immediately prior to the Amalgamation; and

(iv) the capital of Africa Oil in relation to the Africa Oil Shares issued shall be equal to the capital under the Act of the BTG Shares, immediately prior to the Amalgamation; and

(l) *Share Certificates, etc*. At the Effective Time:

(i) BTG Parent shall cease to be the holder of the BTG Shares and shall be deemed to be the registered holder of the Africa Oil Shares to which it is entitled under Article 2.4(k)(i), and shall surrender the share certificates representing such BTG Shares to Africa Oil and, upon such surrender, and as soon as reasonably practical following the Effective Time, shall be entitled to receive share certificates representing the number of Africa Oil Shares to which BTG Parent is so entitled; and

(ii) Africa Oil, as the registered holder of ReorgCo common shares shall be deemed to be the registered holder of Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof, and may surrender the certificates representing such ReorgCo common shares to Amalco and, upon such surrender, and as soon as reasonably practical following the Effective Time, shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof.

2.5 Africa Oil Meeting

Subject to the terms and conditions of this Agreement, Africa Oil shall:

(a) in accordance with this Section 2.5 but subject to compliance by BTG with its obligations under Section 2.7(d), lawfully convene and hold the Africa Oil Meeting in accordance with its constating documents and Law for the purpose of considering the Africa Oil Meeting Resolutions on or before October 15, 2024 (the "**Meeting Deadline**"), at a time to be mutually agreed between the Parties in the manner set out in Section 2.5(a) of the Africa Oil Disclosure Letter (and, in this regard, Africa Oil shall abridge, as necessary, any time periods that may be abridged under Securities Laws), unless otherwise agreed in writing by the Parties, provided that, if by September 15, 2024 the condition set out in Section 6.1(f) has not been satisfied or waived by all Parties with the benefit thereof, then Africa Oil may elect, by notice in writing delivered to BTG by no later than 5:00 p.m.

(Vancouver Time) on September 20, 2024, to extend the Meeting Deadline to be the earlier of (i) January 31, 2025 and (ii) 45 days from the satisfaction or waiver by all Parties with the benefit thereof of the condition set out in Section 6.1(f);

(b) not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Africa Oil Meeting without the prior written consent of BTG, except:

(i) as required for quorum purposes (in which case the Africa Oil Meeting shall be adjourned and not cancelled);

(ii) as required or permitted under Section 2.5(k) or 6.4(b); or

(iii) as required by Law or by a Governmental Entity;

(c) notwithstanding the receipt by Africa Oil of a Superior Proposal in accordance with Section 3.3, unless this Agreement is terminated in accordance with its terms or except as required by Law or by a Governmental Entity, Africa Oil shall continue to take all steps reasonably necessary to hold the Africa Oil Meeting and to cause the Africa Oil Meeting Resolutions to be voted on at such Africa Oil Meeting and shall not propose to adjourn or postpone such meeting other than as contemplated by Section 2.5(b);

(d) unless the Africa Oil Board of Directors has made a Change in Recommendation, use commercially reasonable efforts to solicit proxies in favour of the approval of the Africa Oil Meeting Resolutions and against any resolution submitted by any Person that is inconsistent with the Africa Oil Meeting Resolutions and the completion of any of the transactions contemplated by this Agreement, including, if so requested by BTG, promptly reaffirming the Board Recommendation by press release;

(e) consult with BTG in fixing the date of the Africa Oil Meeting and the record date of the Africa Oil Meeting and give notice to BTG of the Africa Oil Meeting and allow BTG's Representatives to attend the Africa Oil Meeting (including by virtual means);

(f) promptly advise BTG, at such times as BTG may reasonably request and at least on a daily basis on each of the last 10 Business Days prior to the date of the Africa Oil Meeting, as to the aggregate tally of the proxies received by Africa Oil in respect of the Africa Oil Meeting Resolutions and any other information available to Africa Oil relating to the proxies or the Africa Oil Meeting reasonably requested by BTG, including if any beneficial Africa Oil Shareholder appoints itself as a proxy holder for the purposes of the Africa Oil Meeting;

(g) provide BTG with copies of and, to the extent practicable, access to information regarding the Africa Oil Meeting generated by any proxy solicitation services firm engaged by Africa Oil, as reasonably requested from time to time by BTG;

(h) promptly advise BTG of any communication (written or oral) received by Africa Oil from or claims brought by (or threatened to be brought by) any Person in opposition to the Amalgamation (other than in respect of communications subject to Section 3.4, which shall be dealt with in accordance with Section 3.4) and, if permissible by Law, will provide BTG with an opportunity to review and comment upon any written communications sent by or on behalf of Africa Oil to any such Person;

(i) not, without BTG's consent, change the record date for the Africa Oil Shareholders entitled to vote at the Africa Oil Meeting in connection with any adjournment or postponement of the Africa Oil Meeting or otherwise unless required by Law;

(j) not, without the prior written consent of BTG, waive the deadline for the submission of proxies by Africa Oil Shareholders for the Africa Oil Meeting; and

(k) if the Africa Oil Meeting is to be held during a Matching Period, Africa Oil shall be entitled to, or shall, at the request of BTG, adjourn or postpone the Africa Oil Meeting to the latest date specified by either Africa Oil or BTG that, in either case, is not later than the earlier of (i) 15 Business Days after the date on which the Africa Oil Meeting was originally scheduled, and (ii) five Business Days prior to the Outside Date.

2.6 Africa Oil Board Recommendation

(a) Africa Oil represents that, as of the date hereof, the Africa Oil Board of Directors has, unanimously: (i) determined that the transactions contemplated by this Agreement are in the best interests of Africa Oil; (ii) approved this Agreement and the transactions contemplated hereby; and (iii) determined to recommend that the Africa Oil Shareholders vote in favour of Africa Oil Meeting Resolutions.

(b) The Africa Oil Board of Directors shall unanimously recommend in the Information Circular that Africa Oil Shareholders vote in favour of each of the Africa Oil Meeting Resolutions (the "**Board Recommendation**"), which Board Recommendation may not be withdrawn, modified or changed in any manner except as set forth herein.

(c) Africa Oil represents that all of its executive officers and directors, and certain Africa Oil Shareholders, have advised it that, as at the date hereof, they intend to vote or cause to be voted, all Africa Oil Shares of which he, she or it is a registered and/or beneficial owner in favour of each of the Africa Oil Meeting Resolutions and have delivered to BTG an Africa Oil Support Agreement and will so represent in the Information Circular.

2.7 The Information Circular

(a) Africa Oil shall, subject to compliance by BTG of its obligations under Section 2.7(d), as promptly as reasonably practicable prepare and complete, in consultation with BTG, the Information Circular, together with any other documents required by Law in connection with the Africa Oil Meeting, and Africa Oil shall cause the Information Circular and such other documents to be filed and sent to each Africa Oil Shareholder and other Person as required by Law, in each case using commercially reasonable efforts so as to permit the Africa Oil Meeting to be held by the date specified in Section 2.5(a).

(b) On the mailing date of the Information Circular, Africa Oil shall ensure that the Information Circular complies in all material respects with Law, does not contain any Misrepresentation (provided that Africa Oil shall not be responsible for the accuracy of any information relating to and furnished by BTG in writing specifically for the purpose of inclusion in the Information Circular) and provides the Africa Oil Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Africa Oil Meeting.

(c) Africa Oil shall give BTG and its legal counsel a reasonable opportunity to review and comment on drafts of the Information Circular and other related documents prior to the filing thereof with any Governmental Entity, and shall give reasonable consideration to any comments made by BTG and its legal counsel, and agrees that all information relating solely to BTG included in the Information Circular must be in a form and content satisfactory to BTG, acting reasonably.

(d) BTG shall provide, in writing, all required information concerning BTG and its affiliates (including applicable financial statements) that is required by Law to be included by Africa Oil in the Information Circular or other related documents to Africa Oil in writing, and shall ensure that such information does not contain any Misrepresentation.

(e) Each of the Parties shall promptly notify the Other Parties if it becomes aware that the Information Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and Africa Oil shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Africa Oil Shareholders and, if required by Law, file the same with the Securities Authorities or any other Governmental Entity as required.

(f) Africa Oil shall indemnify and save harmless BTG, BTG Parent and the directors, officers and agents of BTG and BTG Parent, as applicable, from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages of BTG or BTG Parent) to which BTG, BTG Parent, or any director, officer or agent of BTG or BTG Parent, may be subject or which BTG, BTG Parent, or any director, officer or agent of BTG or BTG Parent may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any Misrepresentation or alleged Misrepresentation in the Information Circular or the Prospectus; or

(ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any Misrepresentation or any alleged Misrepresentation in the Information Circular, the Prospectus or in any material filed by or on behalf of Africa Oil in compliance or intended compliance with Securities Laws, which prevents or restricts the trading in the BTG Shares or the Africa Oil Shares,

provided that Africa Oil shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any Misrepresentation or alleged Misrepresentation of a material fact based solely on the BTG Information or the negligence of BTG or BTG Parent;

(g) BTG shall indemnify and save harmless Africa Oil and the directors, officers and agents of Africa Oil, as applicable, from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages of Africa Oil or its Subsidiaries) to which Africa Oil, or any director, officer or agent thereof, may be subject or which Africa Oil, or any director, officer or agent thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any Misrepresentation or alleged Misrepresentation in the Information Circular or the Prospectus; or

(ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any Misrepresentation or any alleged Misrepresentation in the Information Circular, the Prospectus or in any material filed by or on behalf of BTG in compliance or intended compliance with Securities Laws, which prevents or restricts the trading in the BTG Shares or the Africa Oil Shares,

provided that BTG shall only be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any Misrepresentation or alleged Misrepresentation of a material fact based solely on the BTG Information or the negligence of BTG.

2.8 The Prospectus

(a) Africa Oil shall, subject to compliance by BTG with its obligations under Section 2.8(f), at a time to be mutually agreed between the Parties (each Party acting reasonably and in good faith), prepare and complete the Prospectus, together with any other ancillary documents required by Law in connection with the Prospectus, and Africa Oil shall cause the Prospectus and such other documents to be filed with the Swedish Financial Supervisory Authority and any other Person as required by Law, in each case using commercially reasonable efforts so as to permit the Swedish Financial Supervisory Authority's approval of the Prospectus as promptly as practicable following filing of the Prospectus and to maintain such approval until the Effective Date.

(b) Africa Oil shall give BTG and its legal counsel a reasonable opportunity to review and comment on drafts of the Prospectus and other related documents prior to the filing thereof with the Swedish Financial Supervisory Authority, and shall give reasonable consideration to any comments made by BTG and its legal counsel, and agrees that all information relating solely to BTG included in the Prospectus must be in form and content satisfactory to BTG, acting reasonably.

(c) Africa Oil shall use commercially reasonable efforts to provide to BTG a well-developed draft of the Prospectus (the "**Draft Prospectus**") as soon as reasonably possible after the Africa Oil Meeting. The Draft Prospectus shall, save for financial information including pro forma financial information, in all material respects include all sections that Africa Oil's and BTG's Swedish legal counsels agree (both acting reasonably) should be included in the Prospectus, subject to the Swedish Financial Supervisory Authority's review and comments. The Draft Prospectus shall be updated by Africa Oil following each quarter end and sent to BTG for review and comment.

(d) BTG shall provide to Africa Oil comments on the Draft Prospectus as soon as reasonably possible after receipt of such Draft Prospectus.

(e) Africa Oil shall reasonably consider the comments provided by BTG and determine whether to update the Draft Prospectus based on such comments and provide to BTG such updated version of the Draft Prospectus once finalized by Africa Oil.

(f) BTG shall provide to Africa Oil, in writing, all necessary information concerning BTG, its affiliates and their businesses that is required by Law or by the Swedish Financial Supervisory Authority to be included in the Prospectus or other related documents, and shall confirm to Africa Oil prior to the approval of the Prospectus that, to the best of their knowledge, the information contained in the Prospectus relating to BTG is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

(g) Each of the Parties shall promptly notify the Other Parties if it becomes aware that the Prospectus contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and Africa Oil shall promptly file such amendment or supplement with the Swedish Financial Supervisory Authority and, once approved, publish such amendment or supplement.

2.9 Closing Date

Unless otherwise agreed in writing by the Parties, the Closing Time shall occur on the fifth Business Day after the last of the conditions set forth in Sections 6.1, 6.2 and 6.3, other than those conditions which, by their nature, cannot be satisfied prior to the Closing Time, has been satisfied or, where not prohibited, waived by the applicable Party or Parties in whose favour the condition is.

The closing of the transactions contemplated hereby will take place at the Closing Time electronically, or in such other manner or at such location or time as may be agreed upon by the Parties.

2.10 Public Communications

Africa Oil and BTG agree to co-operate and participate in presentations, if any, to Africa Oil Shareholders regarding the Amalgamation. The Parties agree that Africa Oil will make a press release with respect to this Agreement and the transactions contemplated herein immediately following the execution of this Agreement, in a form approved by BTG, acting reasonably. Thereafter, no Party shall issue any press release or otherwise make public statements with respect to this Agreement or the Amalgamation without the consent of the Other Party (such consent not to be unreasonably withheld, conditioned or delayed) other than any reasonable disclosure required in order to satisfy any of the conditions set forth in Sections 6.1, 6.2 and 6.3; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under Law, including, for the avoidance of doubt, any disclosures required by Securities Laws, and the Party making any such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the Other Parties and reasonable opportunity for the Other Parties to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not possible, to give such notice immediately following the making of any such disclosure or filing, and provided further, that Africa Oil shall have no obligation to consult with BTG prior to any disclosure by Africa Oil with regard to an Acquisition Proposal. Notwithstanding the foregoing, Africa Oil may make internal announcements to employees and have discussions with Africa Oil Shareholders and financial analysts and other stakeholders so long as such statements and announcements are consistent with the most recent press releases, public disclosures or public statements made by Africa Oil or BTG (unless the Board Recommendation has been withdrawn, modified or amended, in accordance with the terms of this Agreement in which case such statements and announcements do not have to be consistent). The Parties consent to this Agreement being filed on SEDAR+ as required by Securities Laws.

2.11 Alternative Transaction

In the event that there is a failure to obtain, or if any Party reasonably anticipates that there will be a failure to obtain, a consent, order or other approval of a Governmental Entity required in connection with the approval of the Amalgamation, then the Other Parties shall, upon the request of such Party and to the extent reasonably practical, use commercially reasonable efforts to assist such Party to successfully implement and complete any alternative transaction structure that is not prejudicial to the shareholders of any Party and does not have negative financial, operational or reputational consequences for either Party. In the event that the transaction structure is modified as a result of any event contemplated pursuant to this Section 2.11 or otherwise, the relevant provisions of this Agreement shall forthwith be deemed modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to reflect the revised transaction structure and the Parties hereto shall, to the extent applicable, upon the reasonable request of any Party hereto, execute and deliver an agreement in writing giving effect to and evidencing such amendments as may be reasonably required as a result of such modifications and take such actions and execute such other documents as are necessary in connection therewith.

2.12 Adjustment to Consideration

(a) On the date that is five (5) Business Days prior to the expected Effective Date (the "**Determination Date**"):

(i) Africa Oil shall provide written notice to BTG (the "**Africa Oil Adjustment Statement**") of:

(A) any dividend or other distribution on the Africa Oil Shares declared or paid between January 1, 2024 and the Determination Date;

(B) any repurchases of Africa Oil Shares between January 1, 2024 and the Determination Date; and

(C) the Africa Oil Transaction Expenses, provided that they have been accounted for in a manner consistent with existing accounting policies and custom and practice,

which Africa Oil Adjustment Statement shall include: (i) a description of the aggregate dividends, distributions and/or repurchases; (ii) the aggregate value of such dividends and/or distributions (the "**Africa Oil Distribution Amount**") and/or repurchases (the "**Africa Oil Repurchase Amount**") (iii) an accounting of the Africa Oil Transaction Expenses; and (iv) a calculation of the amount equal to the Africa Oil Transaction Expenses plus the Africa Oil Distribution Amount plus the Africa Oil Repurchase Amount (the "**Africa Oil Adjustment Amount**"); and

(ii) BTG shall provide written notice to Africa Oil (the "**BTG Adjustment Statement**") of any dividend or other distribution on the BTG Shares declared or paid between January 1, 2024 and the Determination Date, which BTG Adjustment Statement shall include the aggregate value of the dividends and/or distributions (the "**BTG Adjustment Amount**");

(b) If in the event that:

(0.35*Africa Oil Adjustment Amount) is greater than (0.65*BTG Adjustment Amount)

then prior to the Continuance Date, Africa Oil and BTG shall cause Prime to pay a dividend (the "**Prime Pre-Closing Dividend**") on its shares in an aggregate amount equal to the following based on the methodology set out in the sample calculations set forth in Section 2.12 of the Africa Oil Disclosure Letter:

(((0.35*Africa Oil Adjustment Amount) – (0.65*BTG Adjustment Amount))/.65)*2 = Prime Pre-Closing Dividend

(c) If in the event that:

(0.35*Africa Oil Adjustment Amount) is less than (0.65*BTG Adjustment Amount) then prior to the Continuance Date, Africa Oil or one of its affiliates and BTG shall each make a capital contribution in cash (the "**Prime Pre-Closing Capital Contribution**") into Prime in an aggregate amount equal to the following based on the methodology set out in the sample calculations set forth in Section 2.12 of the Africa Oil Disclosure Letter:

(((0.65*BTG Adjustment Amount) – (0.35*Africa Oil Adjustment Amount))/.65) = Prime Pre-Closing Capital Contribution

(d) The Parties acknowledge and agree that BTG will distribute its share of the Prime Pre-Closing Dividend to BTG Parent before the Continuance Date without triggering any requirement to adjust the BTG Adjustment Amount or any other terms hereof;

(e) Neither Africa Oil nor BTG shall take any of the actions set forth in Section 2.12(a)(i) or 2.12(a)(ii), respectively, from the Determination Date to the Effective Date.

ARTICLE 3
COVENANTS

3.1 Covenants of Africa Oil

Africa Oil agrees that during the period from the Agreement Date and ending on the earlier of the Effective Date or the termination of this Agreement, except (i) with the prior written consent of BTG (such consent not to be unreasonably withheld, conditioned or delayed) (ii) as expressly disclosed in the Africa Oil Disclosure Letter or (iii) otherwise expressly permitted by this Agreement:

(a) the business of Africa Oil and its Subsidiaries shall be conducted only in the ordinary course of business, and Africa Oil shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, assets, employees, goodwill and business relationships with customers, suppliers, partners and other Persons with which they have material business relationships;

(b) Africa Oil shall not, and shall cause each of its Subsidiaries not to, directly or indirectly:

(i) amend its articles, charter or by-laws or other comparable organizational documents;

(ii) issue or agree to issue a number of equity securities or securities exercisable or exchangeable for, or convertible into, equity securities of Africa Oil or any combination thereof in a single issuance or series issuances that, assuming the exercise, exchange or conversion of any such exercisable, exchangeable or convertible securities, would result in the issuance of a number of equity securities of Africa Oil representing, in aggregate including all issuances after the Agreement Date, 20% or more of the voting or economic rights of the equity securities of Africa Oil issued and outstanding, on a non-diluted basis, on the Agreement Date;

(iii) other than issuances in connection with the conversion, exchange, exercise or vesting of awards issued in the normal course pursuant to the LTIP Plan, issue or agree to issue any Africa Oil Shares at a price per Africa Oil Share (or any securities which are exercisable for, convertible into or exchangeable for Africa Oil Shares with a conversion price per Africa Oil Share) that is more than a 10% discount to the volume-weighted average trading price of the Africa Oil Shares on the TSX, or such other stock exchange where the majority of the trading volume and value of the Africa Oil Shares occurs, for the 30 trading days immediately preceding the announcement of the issuance;

(iv) redeem, purchase or otherwise acquire any of its outstanding securities;

(v) amend the terms of any of its securities;

(vi) adopt a plan of liquidation or resolution providing for its liquidation or dissolution;

(vii) split, combine or reclassify any of the Africa Oil Shares;

(viii) reorganize, amalgamate or merge with any other Person other than transactions between two or more wholly-owned Subsidiaries of Africa Oil;

(ix) acquire or agree to acquire (by merger, amalgamation, consolidation, acquisition of shares or assets, or otherwise) any corporation, partnership or other business organization or division thereof, or make or agree to make any investment either by the purchase of securities, contributions of capital (other than to wholly-owned Subsidiaries) or property transfer, or purchase or agree to purchase any property or assets of any other person (other than a wholly-owned Subsidiary), in a single transaction or series of related transactions, if any of the foregoing has a transaction consideration (including any assumed debt) greater than 25% of the Market Capitalization of Africa Oil, provided that this clause shall not restrict an acquisition of issued and outstanding securities of Africa Oil by a third party in exchange for consideration paid by such third party;

(x) make any changes in financial accounting methods, principles, policies or practices, except as required, in each case, by IFRS or by Law; or

(xi) enter into any binding agreement, commitment or understanding to do any of the foregoing;

(c) Africa Oil will use its commercially reasonable efforts to cause each of the directors and executive officers of Africa Oil to vote in favour of the Africa Oil Meeting Resolutions as permitted by Law;

(d) Africa Oil shall not take any action, refrain from taking any action, permit any action to be taken or not taken, that is inconsistent with this Agreement or which might, directly or indirectly, individually or in the aggregate, materially interfere or negatively affect or materially delay the consummation of the transactions contemplated by this Agreement;

(e) Africa Oil shall not undertake any direct or indirect sale or disposition, in a single transaction or a series of transactions, of its direct or indirect interest in Impact, except if determined by the Africa Oil Board, acting reasonably, to be necessary to ensure that Africa Oil continues as a going concern, and in such case, only if the consideration received is no less than the amount set forth in Section 3.1(e) of the Africa Oil Disclosure Letter, provided that, for certainty, nothing in this Section 3.1(e) shall prevent Africa Oil from participating in any internal reorganization of Impact as set forth in Section 3.1(e) of the Africa Oil Disclosure Letter;

(f) Africa Oil shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it or ReorgCo in this Agreement untrue in any material respect;

(g) Africa Oil shall use commercially reasonable efforts to: (i) defend all lawsuits or other legal, regulatory or other proceedings against itself or any of its Subsidiaries challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; (ii) appeal, overturn or have lifted or rescinded any injunction or restraining order or other order relating to itself or any of its Subsidiaries which may materially adversely affect the ability of the Parties to consummate the transactions contemplated hereby; and (iii) appeal or overturn or otherwise have lifted or rendered non-applicable in respect of the transactions contemplated hereby, any Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibits or enjoins any Party from consummating the transactions contemplated hereby;

(h) to the extent not already disclosed to the Interim Period Committee in accordance with Section 3.6, Africa Oil shall promptly notify BTG in writing of any material change (actual, anticipated or, to the knowledge of Africa Oil, contemplated or threatened) in or on the business, operations, results of operations, affairs, assets, capitalization, financial condition, licenses, permits, concessions, rights or liabilities, whether contractual or otherwise, of Africa Oil or its Subsidiaries (other than any change or effect that is excepted out of the definitions of Material Adverse Change or Material Adverse Effect in Section 1.1 hereof) and Africa Oil shall in good faith discuss with BTG any change in circumstances (actual, anticipated or, to the knowledge of Africa Oil, contemplated or threatened) which is of such a nature that there may be a reasonable question as to whether notice need be given to BTG pursuant to this provision;

(i) Africa Oil shall use its commercially reasonable efforts to fulfill or cause fulfillment of the conditions set forth in Sections 6.1 and 6.3 as soon as reasonably possible to the extent that the fulfillment of the same is within the control of Africa Oil;

(j) except for proxies and other non-substantive communications with shareholders, Africa Oil will furnish promptly to BTG and BTG's counsel a copy of each notice, report, schedule or other document delivered, filed or received by Africa Oil in connection with: (i) the Amalgamation; (ii) the Africa Oil Meeting; (iii) any filings under Law; and (iv) any dealings with regulatory agencies in each case in connection with the transactions contemplated hereby (other than in respect to dealings subject to Section 3.4, which shall be dealt with in accordance with Section 3.4);

(k) Africa Oil and its Subsidiaries will, and will use commercially reasonable efforts to cause their Representatives to, comply with all Anti-Corruption Laws and Sanctions;

(l) Africa Oil will make all necessary filings and applications under Law required to be made on the part of Africa Oil in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Laws;

(m) Africa Oil shall use its commercially reasonable efforts to obtain listing of the Africa Oil Shares issuable pursuant to the Amalgamation on the TSX and on Nasdaq Stockholm as of the Effective Date or as soon as possible thereafter, including obtaining conditional listing approval of the TSX prior to the Effective Date;

(n) Africa Oil will use its commercially reasonable efforts to assist BTG and BTG Parent in obtaining all necessary approvals, consents and authorizations from any Governmental Entity with respect to the transactions contemplated by this Agreement; and

(o) Africa Oil unconditionally and irrevocably covenants to cause ReorgCo to perform, and guarantees the due and punctual performance by ReorgCo of, each and every obligation of ReorgCo arising under this Agreement and the Amalgamation.

3.2 Covenants of BTG

BTG agrees that during the period from the Agreement Date and ending on the earlier of the Effective Date or the termination of this Agreement, except (i) with the prior written consent of Africa Oil (such consent not to be unreasonably withheld, conditioned or delayed), (ii) in connection with the BTG Pre-Closing Reorganization, (iii) as expressly disclosed in the BTG Disclosure Letter or (iv) otherwise expressly permitted by this Agreement:

(a) the business of BTG shall be conducted only in the ordinary course of business, and BTG shall use commercially reasonable efforts to maintain and preserve its business organization, assets, employees, goodwill and business relationships with customers, suppliers, partners and other Persons with which BTG has material business relationships;

(b) BTG shall not directly or indirectly:

(i) take any action to change its nature from a passive holding company whose only asset is an interest in Prime;

(ii) amend its articles, charter or by-laws or other comparable organizational documents;

(iii) issue, grant, sell or agree to issue, grant or sell any shares of BTG, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of BTG;

(iv) redeem, purchase or otherwise acquire any of its outstanding securities;

(v) amend the terms of any of its securities;

(vi) adopt a plan of liquidation or resolution providing for its liquidation or dissolution;

(vii) split, combine or reclassify any of the BTG Shares;

(viii) reorganize, amalgamate or merge with any other Person; or

(ix) enter into any binding agreement, commitment or understanding to do any of the foregoing;

(c) except as would not reasonably be expected to cause a Material Adverse Effect, BTG shall not:

(i) change its taxation year or change any method of Tax accounting;

(ii) make, rescind or change any election with respect to Taxes;

(iii) file any amended Returns, settle any Tax claim or dispute or waive or extend the statute of limitations relating to any Taxes of BTG; or

(iv) other than in the ordinary course of business of BTG, enter into any closing/settlement agreement regarding Taxes, surrender any right to claim a material refund of Taxes or amend any of its transfer pricing policies;

(d) each of BTG and BTG Parent shall not take any action, refrain from taking any action, permit any action to be taken or not taken, that is inconsistent with this Agreement or which might, directly or indirectly, individually or in the aggregate, materially interfere or negatively affect or materially delay the consummation of the transactions contemplated by this Agreement;

(e) each of BTG and BTG Parent shall not take any action, that would render, or may reasonably be expected to render, any representation or warranty made by BTG or BTG Parent in this Agreement untrue in any material respect;

(f) each of BTG and BTG Parent shall use commercially reasonable efforts to: (i) defend all lawsuits or other legal, regulatory or other proceedings against BTG or BTG Parent challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; (ii) appeal, overturn or have lifted or rescinded any injunction or restraining order or other order relating to BTG or BTG Parent which may materially adversely affect the ability of the Parties to consummate the transactions contemplated hereby; and (iii) appeal or overturn or otherwise have lifted or rendered non-applicable in respect of the transactions contemplated hereby, any Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibits or enjoins any Party from consummating the transactions contemplated hereby;

(g) BTG shall promptly notify Africa Oil in writing of any material change (actual, anticipated or, to the knowledge of BTG, contemplated or threatened) in or on the business, operations, results of operations, affairs, assets, capitalization, financial condition, licenses, permits, concessions, rights, or liabilities, whether contractual or otherwise, of BTG (other than any change or effect that is excepted out of the definitions of Material Adverse Change or Material Adverse Effect in Section 1.1 hereof) and BTG shall in good faith discuss with Africa Oil any change in circumstances (actual, anticipated or, to the knowledge of BTG, contemplated or threatened) which is of such a nature that there may be a reasonable question as to whether notice need be given to Africa Oil pursuant to this provision;

(h) BTG will, within two (2) Business Days of receiving an Assessment, deliver to Africa Oil a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of BTG on the assumption that such Assessment is valid and binding;

(i) each of BTG and BTG Parent will, and will use commercially reasonable efforts to cause its Representatives to, comply with all Anti-Corruption Laws and Sanctions;

(j) each of BTG and BTG Parent will make all necessary filings and applications under Law required to be made on the part of BTG and/or BTG Parent in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Laws;

(k) each of BTG and BTG Parent will use commercially reasonable efforts to assist Africa Oil in obtaining all necessary approvals, consents and authorizations from any Governmental Entity, including the TSX and the Swedish Financial Supervisory Authority, with respect to the transactions contemplated by this Agreement (other than in respect to dealings subject to Section 3.4, which shall be dealt with in accordance with Section 3.4), which for certainty shall include obtaining any personal information forms (PIFs) required by the TSX to be delivered by BTG, BTG Parent and their affiliates and any officers and directors of BTG, BTG Parent and their affiliates;

(l) each of BTG and BTG Parent shall, and shall cause its affiliates to, take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable to complete the BTG Pre-Closing Reorganization prior to the Effective Date, including to: (i) maintain in effect the Master Agreement in accordance with its terms; (ii) enter into the definitive agreements with respect to the BTG Pre-Closing Reorganization on the terms and conditions contained in the Master

Agreement as promptly as practicable after the date hereof, (iii) to the extent within their control, satisfy on a timely basis, or obtain the waiver, of all conditions to closing the BTG Pre-Closing Reorganization (and the definitive agreements entered into with respect to the Master Agreement) applicable to BTG and BTG Parent and consummate the BTG Pre-Closing Reorganization prior to the Effective Time; (iv) consummate the BTG Pre-Closing Reorganization as contemplated by the Master Agreement; and (v) enforce their rights under the Master Agreement in the event of a breach by any party thereto;

(m) each of BTG and BTG Parent shall not, and shall cause its affiliates not to, amend, alter or replace, or agree to amend, alter or replace, or permit the amendment, alteration or replacement of the Master Agreement or any definitive agreement or documentation referred to in Section 3.1(l). Each of BTG and BTG Parent shall promptly notify Africa Oil in writing of (and such written notice shall include reasonable details related to, and reasons for, any of the following): (i) the expiration, breach, repudiation or termination (or anticipated, attempted, threatened or purported repudiation or termination, whether or not valid and whether or not in writing) of the Master Agreement for any reason; or (ii) receipt of written notice of the refusal of any party to the Master Agreement to close, or of any stated intent by the any party to the Master Agreement to refuse to close, the BTG Pre-Closing Reorganization as referred to in the Master Agreement, notwithstanding the efforts of BTG and BTG Parent to satisfy their obligations under Section 3.2(l) or this Section 3.2(m); and

(n) each of BTG and BTG Parent shall use its commercially reasonable efforts to fulfill or cause the fulfillment of the conditions set forth in Sections 6.1 and 6.2 as soon as reasonably possible to the extent that the fulfillment of the same is in the control of BTG.

3.3 Mutual Covenants Regarding Non-Solicitation

(a) Each of Africa Oil, ReorgCo, BTG and BTG Parent shall immediately cease and cause to be terminated all existing solicitations, initiations, encouragements, discussions and negotiations (including, without limitation, through any Representative or affiliate on its behalf), if any, with any Persons conducted before the date of this Agreement with respect to any Acquisition Proposal in respect of Africa Oil or BTG, respectively and shall promptly discontinue access to and disclosure of all information to, and exercise any right it has to require the return or destruction of all information previously provided to, any Persons who have entered into a confidentiality agreement with such Party relating to an Acquisition Proposal in respect of Africa Oil or BTG, as applicable and shall use all commercially reasonable efforts to ensure that such requests are honoured.

(b) Prior to the Effective Date, neither Africa Oil, ReorgCo, BTG nor BTG Parent (including, without limitation, through any Representative or affiliate on its behalf) shall, without the prior written consent of the Other Party, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following (as applicable):

(i) solicit, knowingly facilitate, initiate or knowingly encourage any Acquisition Proposal in respect of itself or any of its Subsidiaries;

(ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal in respect of itself or any of its Subsidiaries, or furnish to any other person any information with respect to its businesses, properties, assets, operations, prospects or condition (financial or otherwise) in connection with an Acquisition Proposal in respect of itself or any of its Subsidiaries or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;

(iii) waive any provisions of or release or terminate any confidentiality or standstill agreement between it and any Person relating to an actual or potential Acquisition Proposal in respect of itself or any of its Subsidiaries, or amend any such agreement or consent to the making of an Acquisition Proposal in accordance with the terms of such agreement;

(iv) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements relating to an Acquisition Proposal, including, without limitation, any "standstill provisions" thereunder;

(v) in the case of Africa Oil, make a Change in Recommendation; or

(vi) accept, recommend, approve or enter into or propose publicly to accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal in respect of itself or any of its Subsidiaries;

provided, however, that notwithstanding any other provision hereof, prior to the Africa Oil Meeting, Africa Oil, ReorgCo, BTG and BTG Parent may each, directly or indirectly:

(vii) enter into or participate in any discussions or negotiations with a third party who without any solicitation, initiation or knowing encouragement, directly or indirectly, after the date of this Agreement by such party or any of its representatives seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement with market standard terms (provided that such confidentiality agreement shall provide for disclosure thereof along with all information provided thereunder to the Other Party as set out below), may furnish to such third party information concerning itself and its Subsidiaries and their respective business, properties and assets, in each case if, and only to the extent that:

(A) the third party has first made an unsolicited written *bona fide* Acquisition Proposal which the Party's board of directors determines in good faith: (1) is to acquire not less than all of the outstanding equity securities of Africa Oil or BTG, as applicable, on a consolidated basis (2) that funds or other consideration necessary for the Acquisition Proposal are available and the Acquisition Proposal is not subject to any financing condition; (3) is not subject to any due diligence or access condition beyond the 10th Business Day after which the Person making the Acquisition Proposal is first afforded access to the books, records and personnel of Africa Oil or BTG, as applicable; (4) after consultation with its financial advisors would, if consummated in accordance with its terms, result in a transaction superior for the shareholders of Africa Oil or BTG, as applicable, than the transaction contemplated by this Agreement; (5) is reasonably capable of completion in accordance with its terms without undue delay, taking into account all legal, financial, Tax, regulatory and other aspects of such Acquisition Proposal and the Person making it; and (6) after receiving the advice of outside legal counsel, as reflected in minutes of Africa Oil or BTG's, as applicable, board of directors, that the taking of such action is necessary for such board of directors in discharge of its fiduciary duties under Law (a "**Superior Proposal**"), provided that no Acquisition Proposal shall be a Superior Proposal if the person making such

Acquisition Proposal is in default of any standstill obligation with the Party or any of its Subsidiaries or such Acquisition Proposal resulted from or involved a material breach of this Section 3.3; and

(B) prior to furnishing such information to or entering into or participating in any such discussions or negotiations or entering into a confidentiality and standstill agreement with such Person, the applicable Party provides prompt notice to the Other Party to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person, together with a copy of the confidentiality and standstill agreement referenced above and, if not previously provided to the Other Party, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that the applicable Party shall notify the Other Party orally and in writing of any inquiries, offers or proposals with respect to an Acquisition Proposal (which written notice shall include, without limitation, a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, if not previously provided to the Other Party, copies of all agreements, documents, material or substantive correspondence and other information provided to the applicable Party relating to the Acquisition Proposal and all other information reasonably requested by the Other Party), promptly, but in any event within 24 hours of the receipt thereof, and shall keep the Other Party informed on a current basis of the status and details of any such inquiry, offer or proposal and answer the Other Party's reasonable questions with respect thereto;

(viii) comply with NI 62-104 and similar provisions under applicable Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(ix) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, the Party's board of directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated by Section 3.3(c) and after receiving the advice of outside legal counsel as reflected in minutes of the Party's board of directors, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under Law and the Party complies with its obligations set forth in Section 3.3(c) and terminates this Agreement in accordance with, in the case of Africa Oil, Section 8.3(d)(ii) or, in the case of BTG, Section 8.3(c)(ii) and concurrently therewith pays the applicable amount required by Section 7.1.

(c) If Africa Oil or BTG is in receipt of a Superior Proposal, Africa Oil or BTG, as applicable, shall give the Other Party, orally and in writing, at least five (5) Business Days (a "**Matching Period**") advance notice of any decision by its board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall confirm that the board of directors has determined that such Acquisition Proposal constitutes a Superior Proposal and the basis for such determination (including in the event the consideration includes non-cash consideration, the basis for the value of such non-cash consideration), shall identify the third party making the Superior Proposal and shall provide a true and complete copy thereof and any amendments thereto. During the Matching Period, Africa Oil and BTG each agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and, in the case of

Africa Oil, shall not withdraw, redefine, modify or change the Board Recommendation. In addition, during such five (5) Business Day period the Person delivering the notice of a Superior Proposal shall, and shall cause its financial and legal advisors to, negotiate in good faith with the Other Party and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Amalgamation as would enable the party delivering the notice of a Superior Proposal to proceed with the Amalgamation as amended rather than the Superior Proposal. In the event the Person receiving the notice of the Superior Proposal proposes to amend this Agreement and the Amalgamation to provide a value greater than the value provided in the Superior Proposal and so advises the board of directors of the Person delivering the notice of a Superior Proposal prior to the expiry of the Matching Period, the Parties shall enter into an amended and/or restated version of this Agreement reflecting such proposed amendments, and take such other actions and execute such other documents as are necessary to give effect to such amendments, as soon as is reasonably practical thereafter and, for greater certainty, the board of directors of the Person delivering the notice of a Superior Proposal shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not release the party making the Superior Proposal from any standstill provisions and, in the case of Africa Oil, shall not make a Change in Recommendation.

(d) Africa Oil and BTG each acknowledges and agrees that each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirement under this Section 3.3 to initiate an additional five (5) Business Day notice period.

(e) Africa Oil and BTG each agrees that all information that may be provided to it by the Other Party with respect to any Superior Proposal pursuant to this Section 3.3 shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings or if required to be disclosed pursuant to Law.

(f) Each Party shall ensure that its Representatives and, in the case of Africa Oil, its affiliates and, in the case of BTG, the members of the Operating Committee of Banco BTG Pactual S.A. (all being directors and/or statutory officers of Banco BTG Pactual S.A., including the heads of the main business units of Banco BTG Pactual S.A.) are aware of the provisions of this Section 3.3 applicable to such Party. Each Party shall be responsible for any breach of this Section 3.3 by such Party's Representatives and affiliates.

3.4 Mutual Covenants regarding Regulatory Approvals

(a) As soon as reasonably practicable after the date hereof, Africa Oil, BTG or both Parties jointly, shall make, and shall cause Prime to make, all notifications, filings, applications and submissions with Governmental Entities in respect of, and shall use commercially reasonable efforts to obtain and maintain, the Regulatory Approvals, provided that no Party is under any obligation to (i) negotiate or agree to the sale, divestiture or disposition of the assets, properties or businesses of such Party or its affiliates or Subsidiaries or Prime or (ii) negotiate or agree to any behavioural remedy, including an interim or permanent hold separate order or any form of undertakings or other restrictions, on the assets, properties or businesses of such Party or its affiliates or Subsidiaries or Prime.

(b) Subject to Law, Africa Oil and BTG shall cooperate with one another, and both Parties shall cause Prime to cooperate with them, in connection with obtaining the Regulatory Approvals, including providing or submitting on a timely basis, and as promptly as practicable, all documentation and information that is required in connection with obtaining the Regulatory Approvals and use their commercially reasonable efforts to ensure that such information does not contain a Misrepresentation. Without limiting the generality of the foregoing, Africa Oil and BTG shall, and shall cause Prime to, (a) respond as promptly as reasonably practicable under the circumstances to any inquiries received from any Governmental Entity for additional information or documentation, (b) not extend any waiting period without the prior written consent of the Other Party (such consent not to be unreasonably withheld, conditioned or delayed) and (c) not enter into any agreement with any Governmental Entity not to consummate the transactions contemplated by this Agreement without the prior written consent of the Other Party. For greater certainty, any fees associated with obtaining the Regulatory Approvals will be paid by Prime.

(c) Africa Oil and BTG shall, and shall cause Prime to, (a) cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals and (b) not make any submissions or filings, participate in any substantive meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the Regulatory Approvals unless it consults with the Other Party in advance and, to the extent not precluded by such Governmental Entity, gives the Other Party a reasonable opportunity to review drafts of any submissions or filings, or attend and participate in any substantive meetings or material communications. Despite the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the Other Party to address reasonable solicitor-client or other privilege or confidentiality concerns or prevent the disclosure of competitively-sensitive information, provided that a Party must provide external legal counsel to the Other Party non-redacted versions of drafts or final submissions, filings or other written communications with any Governmental Entity on the basis that the redacted information will not be shared with its clients.

3.5 Provision of Information; Access

From and after the date hereof, BTG shall provide, and shall not object to Prime providing, Africa Oil and its representatives access, during normal business hours and at such other time or times as Africa Oil may reasonably request, to the premises of BTG and Prime (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish promptly to Africa Oil all information concerning the business, properties and personnel of BTG, and not object to Prime furnishing all information concerning the business, properties and personnel of Prime, in each case, as Africa Oil may reasonably request, which information shall remain subject to the Confidentiality Agreement, in order to permit Africa Oil to be in a position to expeditiously and efficiently integrate the business and operations of BTG and Prime immediately upon, but not prior to, the Effective Date.

3.6 Interim Period Committee

(a) From the Agreement Date to the earlier of the Effective Date or the date of termination of this Agreement in accordance with its terms, Africa Oil and BTG will form and maintain an Interim Period Committee (the "**Interim Period Committee**") to share issues related to Africa Oil business which the management of Africa Oil would typically share with the Africa Oil Board of Directors, including with respect to Prime and with respect to actual or potential claims, prior to the Effective Date. The Interim Period Committee shall be composed of four individuals, with two members being appointed by Africa Oil and one member being appointed by each of BTG and Prime. Each member of the Interim Period Committee shall be referred to as a "Committee Member". Each Committee Member appointed by BTG and Africa Oil shall be referred to as a "BTG Committee Member" and an "Africa Oil Committee Member", respectively. BTG may appoint or remove a BTG Committee Member by written notice to Africa Oil and Africa Oil may appoint or remove an

Africa Oil Committee Member by written notice to BTG. Africa Oil and BTG shall mutually agree on the representative on the Interim Period Committee from Prime. Each Committee Member may be represented at any meeting of the Interim Period Committee by an alternate designated by such Committee Member with reasonable prior written notice. Any alternate so acting shall be deemed to be a Committee Member. Africa Oil, BTG and Prime shall also be entitled to designate, from time to time, subject to the consent of the other parties with representatives on the Interim Period Committee, not to be unreasonably withheld, up to two observers to attend meetings of the Interim Period Committee. If Africa Oil, BTG or Prime wishes to designate any such observers it shall: (i) provide the others with reasonable prior written notice of the names and positions held by such observers in advance of any meeting to be attended by such observers, and (ii) be solely responsible for distributing to such observers any materials provided to the Committee Members.

(b) The Interim Period Committee will have no authority to bind Africa Oil or Prime nor over the conduct of the operations of Africa Oil or Prime and will not be responsible for the decisions of management of Africa Oil, Prime or their respective boards of directors. The recommendations and advice of the Interim Period Committee are subject in all instances to the determinations of management of Africa Oil or Prime. The Interim Period Committee representatives shall not receive any compensation from Africa Oil or Prime for service on the Interim Period Committee.

(c) Each Committee Member will be permitted to attend Prime's weekly operations meetings, if any. BTG agrees to keep the Interim Period Committee fully appraised in a timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that would be relevant and material to a prudent operator of the business and operations of Prime.

(d) Meetings of the Interim Period Committee will be held as required to carry out the responsibilities of the Interim Period Committee, and at least once each month, on 15 days' notice delivered to the Committee Members by Africa Oil (unless such notice is waived by all Committee Members), and, unless otherwise agreed by all Committee Members, such meetings shall be held by telephone or video conference or by other means of electronic communication by which all persons participating in the meeting are able to hear the entire meeting and be heard by all other persons attending the meeting, in each case as the Interim Period Committee determines. Meetings of the Interim Period Committee will be held in the English language, as will any documentation or correspondence relating thereto.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Africa Oil and ReorgCo

Except as set forth in the Africa Oil Disclosure Letter, each of Africa Oil and ReorgCo represents and warrants on a joint and several basis to and in favour of BTG as follows and acknowledges that BTG is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) each of Africa Oil and its Subsidiaries is duly incorporated or amalgamated and is validly subsisting under the laws of its jurisdiction of incorporation or amalgamation and has the requisite corporate power and capacity to carry on its business as it is now being conducted; except as disclosed in Section 4.1(a) of the Africa Oil Disclosure Letter, each of Africa Oil and its Subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on Africa Oil;

(b) each of Africa Oil and ReorgCo has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;

(c) the execution and delivery of this Agreement and the consummation by Africa Oil and ReorgCo of the transactions contemplated hereby have been duly authorized by the Africa Oil Board of Directors and the board of directors of ReorgCo and no other corporate proceedings on the part of Africa Oil or ReorgCo are or will be necessary to authorize this Agreement and the transactions contemplated hereby (other than approval of the Africa Oil Shareholders and obtaining approval of the Africa Oil Board of Directors of the Information Circular);

(d) this Agreement has been duly executed and delivered by Africa Oil and constitutes the legal, valid and binding obligation of Africa Oil enforceable against Africa Oil in accordance with its terms;

(e) this Agreement has been duly executed and delivered by ReorgCo and constitutes the legal, valid and binding obligation of ReorgCo enforceable against ReorgCo in accordance with its terms;

(f) except as disclosed in Section 4.1(f) of the Africa Oil Disclosure Letter, neither the execution and delivery of this Agreement by Africa Oil and ReorgCo, the consummation by Africa Oil and ReorgCo of the transactions contemplated hereby nor compliance by Africa Oil and ReorgCo with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Africa Oil or its Subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of Africa Oil or any of its Subsidiaries or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Africa Oil or any of its Subsidiaries is a party or to which its properties or assets may be subject or by which Africa Oil or any of its Subsidiaries is bound; or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Africa Oil or any of its Subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any Material Adverse Effect on Africa Oil and would not have a material adverse effect on the ability of the Parties to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a Material Adverse Effect on Africa Oil;

(g) (i) there is no legal impediment to Africa Oil's or ReorgCo's consummation of the transactions contemplated by this Agreement; and (ii) except in respect of (A) approval of the TSX and the Nasdaq Stockholm in respect of the listing of the Africa Oil Shares issued in connection with the Amalgamation; (B) the Requisite Approval of the Africa Oil Meeting Resolutions; and (C) the Regulatory Approvals, no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Africa Oil or ReorgCo in connection with the consummation of the Amalgamation, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would have a Material Adverse Effect on Africa Oil and would not have any material adverse effect on the ability of the Parties to consummate the transactions contemplated hereby;

(h) no Securities Authority or similar regulatory authority, or stock exchange in Canada, Sweden or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Africa Oil, no such proceeding is, to the knowledge of Africa Oil, pending, contemplated or threatened and Africa Oil is not in default of any material requirement of any Securities Laws applicable to Africa Oil or its securities;

(i) the Africa Oil Board of Directors and the board of directors of ReorgCo have unanimously endorsed the Amalgamation and approved this Agreement and the Africa Oil Board of Directors has resolved to unanimously recommend approval of the Africa Oil Meeting Resolutions by Africa Oil Shareholders;

(j) Africa Oil is a "reporting issuer" in Alberta, British Columbia and Ontario, is in material compliance with all applicable Securities Laws and the outstanding Africa Oil Shares are listed on the TSX and Nasdaq Stockholm. The Public Disclosure Record, as of their respective filing dates (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, as of the date of such filing) did not contain any Misrepresentation. Except as disclosed in Section 4.1(j) of the Africa Oil Disclosure Letter, Africa Oil has not filed any confidential material change report or other document with any applicable Securities Authorities or any other applicable Governmental Entities which remains confidential as of the date of this Agreement;

(k) the authorized share structure of Africa Oil consists of an unlimited number of Africa Oil Shares and, as of the close of business on June 21, 2024, there were: (i) 442,464,839 Africa Oil Shares (excluding Africa Oil Shares repurchased by Africa Oil which are to be cancelled); (ii) 1,797,557 RSUs (including dividend units to date and 0% cash settled); (iii) 9,955,344 PSUs (including dividend units to date, 0% cash settled and 100% performance factor applied); and (iv) 971,616 Options outstanding. Except for the Africa Oil Shares, there are no other shares of any class or series in the authorized share structure of Africa Oil outstanding. Other than pursuant to the Africa Oil Plans, there are no options, warrants, convertible securities or other rights, shareholder rights plans, agreements or commitments of any character whatsoever (pre-emptive, contingent or otherwise) requiring or which may require the issuance, sale or transfer by Africa Oil of any shares of Africa Oil or any of its Subsidiaries (including Africa Oil Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of or other equity or voting interests in Africa Oil or any of its Subsidiaries (including Africa Oil Shares);

(l) all outstanding Africa Oil Shares and securities of Africa Oil's Subsidiaries and, to the knowledge of Africa Oil, the securities of Impact held by Africa Oil and/or its Subsidiaries, have been duly authorized and validly issued, are fully paid and non-assessable and all Africa Oil Shares issuable pursuant to the outstanding Options, PSUs and RSUs in accordance with their terms have been duly authorized and, upon issuance in accordance with the terms of the Options, PSUs and RSUs, will be validly issued as fully paid and non-assessable and are not and will not be subject to or issued in violation of, any pre-emptive rights. There are no outstanding contractual or other obligations of Africa Oil or any of its Subsidiaries to repurchase, redeem or otherwise acquire any of its securities, or qualify securities for public distribution in Canada or elsewhere. Other than the Africa Oil Shares, there are no securities or other instruments or obligations of Africa Oil or any of its Subsidiaries that carry (or which are convertible into, or exchangeable for, securities having) the right to vote generally with Africa Oil Shareholders on any matter. Neither Africa Oil nor any of its Subsidiaries is a party to any voting agreement with respect to any shares in the authorized share structure or capital of or other equity or voting interests in Africa Oil or any of its Subsidiaries and, to the knowledge of Africa Oil, as of the date of this Agreement, other than the Africa Oil Support Agreements executed and delivered contemporaneously with this Agreement, there are no irrevocable proxies and no voting agreements with respect to any shares in the authorized share structure or capital of, or other equity or voting interests in, Africa Oil or any of its Subsidiaries;

(m) all of Africa Oil's Subsidiaries and the Africa Oil Equity Investees are set forth in Section 4.1(m) of the Africa Oil Disclosure Letter, including the following information with respect to each Subsidiary: (A) its name; (B) the number, type and principal amount, as applicable, of its outstanding equity securities or other equity interests (C) a list of registered holders of capital stock or other equity interests; and (D) its jurisdiction of incorporation, organization or formation, and including the following information with respect to each African Oil Equity Investee: (A) its name; (B) the number, type and principal amount, as applicable, of the equity securities or other equity interests owned directly or indirectly by Africa Oil in such Africa Oil Equity Investee. Other than in respect of Africa Oil's Subsidiaries and the Africa Oil Equity Investees, Africa Oil does not otherwise own, directly or indirectly, any capital stock or other equity securities of any Person or have any direct or indirect equity or ownership interest in any business;

(n) Africa Oil's audited consolidated financial statements as at and for the fiscal years ended December 31, 2023 and 2022 (including the notes thereto) and Africa Oil's unaudited financial statements as at and for the three (3) months ended March 31, 2024 (including the notes thereto) (collectively, the "**Africa Oil Financial Statements**") were prepared in accordance with IFRS consistently applied (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Africa Oil's independent auditors, as the case may be, or (ii) in the case of unaudited interim statements, are subject to normal period-end adjustments and may omit notes which are not required by Law to be included in the unaudited statements) and fairly present in all material respects the consolidated financial position, results of operations and changes in financial position of Africa Oil and its Subsidiaries, as applicable, as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments) and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of Africa Oil and its Subsidiaries on a consolidated basis;

(o) since January 1, 2024, there has been no material change in Africa Oil's or its Subsidiaries' financial accounting policies, methods or practices, except as described in the notes to the Africa Oil Financial Statements;

(p) except with respect to changes in commodity prices and production in the ordinary course, Africa Oil does not have any knowledge of a material adverse change in the information upon which the Africa Oil Reserves Information is based; Africa Oil believes the Africa Oil Reserves Information reasonably presents the quantities of the oil and gas reserves evaluated by Africa Oil as at December 31, 2023, based upon information available at the time such Africa Oil Reserves Information was prepared; and Africa Oil believes that at the time the Africa Oil Reserves Information was prepared the Africa Oil Reserves Information did not overstate the aggregate quantities of such reserves based upon the information available at the time the Africa Oil Reserves Information was prepared;

(q) neither Africa Oil nor any of its Subsidiaries or their respective Representatives has, and to the knowledge of the Africa Oil Equity Investee Directors, none of the Africa Oil Equity Investees or their respective Subsidiaries or Representatives has: (a) offered, paid, given, promised to pay or give, or authorized the payment or gift of anything of value, directly or indirectly, to any Foreign Public Official, or to any Person on behalf of a Foreign Public Official, in whole or in part, for purposes of: (i) influencing any act or decision of any Foreign Public Official in his or her official capacity; (ii) inducing such Foreign Public Official to do or omit to do any act in violation of his or her lawful duty; (iii) securing any improper advantage; or (iv) inducing such Foreign Public

Official to use his or her influence with a foreign Governmental Entity or commercial enterprise owned or controlled by any foreign Governmental Entity in order to assist Africa Oil or ReorgCo or any Person related in any way to its or their, respectively, business, in obtaining or retaining business or directing any business to any Person (b) violated or is violating any provision of the *United States Foreign Corrupt Practices Act of 1977*, the *Corruption of Foreign Public Officials Act* (Canada), the *Bribery Act 2010* (UK) or any other applicable anti-bribery or anti-corruption Law of similar effect (collectively, "**Anti-Corruption Laws**") or Anti-Money Laundering Laws; (c) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties; or (d) has made or authorized any Person to make any bribe, illegal rebate, illegal payoff, influence payment, kickback or other unlawful or improper payment having the effect of commercial bribery. No proceeding by or before any Governmental Entity involving Africa Oil or any of its Subsidiaries or, to the knowledge of the Africa Oil Equity Investee Directors, the Africa Oil Equity Investees or their respective Subsidiaries with respect to the Anti-Corruption Laws or Anti-Money Laundering Laws is pending or, to the knowledge of Africa Oil, threatened or under investigation, and neither Africa Oil nor ReorgCo is aware of any reason to or intends to make any disclosure (voluntary or otherwise) to any Governmental Entity with respect to any violation, potential violation, or liability arising under or relating to any Anti-Corruption Laws or Anti-Money Laundering Laws. Each of Africa Oil and its Subsidiaries and, to the knowledge of the Africa Oil Equity Investee Directors, each of the Africa Oil Equity Investees have and have had in place policies, procedures, controls and systems reasonably designed to ensure compliance with Anti-Corruption Laws and Anti-Money Laundering Laws;

(r) neither Africa Oil nor any of its Subsidiaries or their respective Representatives and to the knowledge of the Africa Oil Equity Investee Directors, none of the Africa Oil Equity Investees or their respective Subsidiaries or their respective Representatives (a) has been or is currently the subject of any economic or financial sanctions or trade embargoes imposed, authorized, administered or enforced by any Governmental Entity (including, without limitation, the Government of Canada, the Office of Foreign Assets Control of the U.S. Treasury Department (including, but not limited to, the designation as a "specially designated national or blocked Person" thereunder), the U.S. Department of State, the United Nations Security Council, the European Union, or His Majesty's Treasury of the United Kingdom (including, but not limited to, the Consolidated List of Financial Sanctions Targets thereunder) or any other applicable sanctions authority) or other similar Laws (collectively "**Sanctions**"), (b) has been or is currently located, organized or resident in a country or territory which is itself the subject or target of comprehensive territorial Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Syria, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic), and (c) is owned or controlled by any Person or Persons described in clause (a) or (b). Neither Africa Oil nor any of its Subsidiaries nor, to the knowledge of the Africa Oil Equity Investee Directors, any of the Africa Oil Equity Investees has received any notice alleging that it has violated any Sanctions and, to the knowledge of Africa Oil, no condition or circumstances exist that would form the basis for any such allegations. Neither Africa Oil nor any of its Subsidiaries or their respective Representatives nor, to the knowledge of the Africa Oil Equity Investee Directors, any of the Africa Oil Equity Investees or their respective Representatives has violated or is in violation of any Sanctions or is conducting or has conducted business with any Person who is the target of any Sanctions. No proceeding by or before any Governmental Entity involving Africa Oil or any of its Subsidiaries or, to the knowledge of the Africa Oil Equity Investee Directors, any of the Africa Oil Equity Investees with respect to the Sanctions is pending or, to the knowledge of Africa Oil, threatened, and neither Africa Oil nor its Subsidiaries nor, to the knowledge of the Africa Oil Equity Investee Directors, any of the Africa Oil Equity Investees is aware of any reason to or intends to make any disclosure (voluntary or otherwise) to any Governmental Entity with respect to any violation, potential violation, or liability arising under or relating to any Sanctions;

(s) except as disclosed in Section 4.1(s) of the Africa Oil Disclosure Letter, Africa Oil and its Subsidiaries are in compliance in all material respects with all Laws (including the Environmental Laws) and Material Contracts and no notice, charge, claim or action has been received by Africa Oil or any of its Subsidiaries or has been filed, commenced or, to the knowledge of Africa Oil, brought, initiated or threatened against Africa Oil or any of its Subsidiaries alleging any violation of any such Laws (including the Environmental Laws) and Material Contracts;

(t) to the knowledge of Africa Oil Equity Investee Directors, the Africa Oil Equity Investees are in compliance in all material respects with all Environmental Laws and to the knowledge of Africa Oil Equity Investee Directors, no notice, charge, claim or action has been received by the Africa Oil Equity Investees or to the knowledge of the Africa Oil Equity Investee Directors, has been filed, commenced, initiated or threatened against the Africa Oil Equity Investees, alleging any violation of any Environmental Laws;

(u) except as disclosed in Section 4.1(u) of the Africa Oil Disclosure Letter, there are no claims, actions, suits, proceedings or inquiries, including, to the knowledge of Africa Oil, pending or threatened against or affecting Africa Oil or any of its Subsidiaries at law or in equity or pursuant to the Material Contracts, or before or by any Governmental Entity which would have a Material Adverse Effect on Africa Oil and its Subsidiaries (taken as a whole) or have a material adverse effect on the ability of the Parties to consummate the transactions contemplated hereby;

(v) since December 31, 2023: (i) there has been no Material Adverse Change in respect of Africa Oil and any of its Subsidiaries (or any condition, event or development involving a prospective change that would result in a Material Adverse Change to, or have a Material Adverse Effect on, Africa Oil); (ii) Africa Oil and each of its Subsidiaries has conducted its businesses only in the ordinary course of business; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Africa Oil (taken as a whole) has been incurred other than in the ordinary course of business;

(w) all Returns required to be filed by or on behalf of Africa Oil and any of its Subsidiaries have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects and no material fact has been omitted therefrom; and all Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and, to the knowledge of Africa Oil, no other Taxes are payable by Africa Oil and any of its Subsidiaries; no extension of time in which to file any such Returns is in effect; no Governmental Entity has asserted that any of Africa Oil or its Subsidiaries is required to file Returns or pay any Taxes in any jurisdiction where it does not to do;

(x) Africa Oil and its Subsidiaries have paid or provided adequate accruals in their financial statements for the period ended December 31, 2023 for Taxes, including income taxes and related future taxes, in conformity with IFRS;

(y) to the knowledge of Africa Oil no material deficiencies exist and, except in respect of the matters previously identified and settled under the Kenyan Alternative Dispute Resolution Agreement, no material deficiencies have been asserted with respect to Taxes of Africa Oil or any of its Subsidiaries; none of Africa Oil or any of its Subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against Africa Oil or any of its Subsidiaries except in respect of the matters previously identified and settled under the Kenyan Alternative Dispute Resolution Agreement; no waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of Africa Oil or any of its Subsidiaries;

(z) except as disclosed in Section 4.1(z) of the Africa Oil Disclosure Letter, each of Africa Oil and its Subsidiaries has withheld from each payment made to any of its present or former employees, officers and directors, or any other Person, all amounts required by law and will continue to do so until the Effective Date and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Entity; each of Africa Oil and its Subsidiaries has remitted all employment insurance premiums, employer health taxes and other Taxes payable by it in respect of its employees and has or will have remitted such amounts to the proper Governmental Entity within the time required by Law; each of Africa Oil and its Subsidiaries has charged, collected and remitted on a timely basis all Taxes as required by Law on any sale, supply or delivery whatsoever, made by such Person;

(aa) except as disclosed in Section 4.1(aa) of the Africa Oil Disclosure Letter, the terms and conditions made or imposed in respect of every transaction (or series of transactions) between Africa Oil or any of its Subsidiaries, and any Person that is (i) a non-resident of Canada for purposes of the Tax Act, and (ii) not dealing at arm's length with Africa Oil or such Subsidiary, as the case may be, for purposes of the Tax Act, do not differ from those that would have been made between Persons dealing at arm's length for purposes of the Tax Act;

(bb) all material "foreign accrual property income" of any "controlled foreign affiliate" (as each such term is defined in section 95 of the Tax Act) of Africa Oil has been reported as required in the relevant Return of Africa Oil;

(cc) each of Africa Oil and ReorgCo is a "taxable Canadian corporation" as defined in the Tax Act;

(dd) a copy of all Material Contracts including all modifications and amendments thereto, to which Africa Oil and any of its Subsidiaries (other than nil or nominal interest rate loans made to Subsidiaries of Africa Oil) is a party as at the Agreement Date and in respect of which Africa Oil or any of its wholly owned Subsidiaries has a copy, are contained in the Data Room or have been provided to BTG pursuant to the Clean Team Agreement;

(ee) to the knowledge of Africa Oil, each Material Contract is in full force and effect and is enforceable by Africa Oil or a Subsidiary of Africa Oil, as applicable, in accordance with its terms (subject to bankruptcy, insolvency and other Laws affecting creditors' rights generally, and to general principles of equity);

(ff) the Governance Agreements are the only material documents to which Africa Oil or any of its Subsidiaries is a party which govern the shareholding or membership interests in the Africa Oil Equity Investees;

(gg) Africa Oil has not withheld from BTG any material information or documents in its possession or control concerning Africa Oil or any of its Subsidiaries (for clarity, excluding Prime and the Prime Subsidiaries) or Impact or their respective assets or liabilities during the course of BTG's review of Africa Oil, its Subsidiaries, Impact and their respective assets;

(hh) neither Africa Oil nor any of its Subsidiaries nor, to the knowledge of the applicable Africa Oil Equity Investee Directors, Impact is for statutory purposes deemed to be unable to pay its debts as they come due and, no steps have been taken by Africa Oil or any of its Subsidiaries or any other person or, to the knowledge of the applicable Africa Oil Equity Investee Directors, Impact, to propose any scheme of arrangement involving any of such Persons and its creditors generally, obtain an administration order or appoint any administrator or other receiver or equivalent officer in relation to any such Person or any of its property or to wind up or dissolve any such Person;

(ii) Africa Oil's auditors are independent public accountants as required by Securities Laws, and there has not been any "reportable event" (within the meaning of NI 51-102) with respect to the present or any former auditor of Africa Oil;

(jj) Africa Oil maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability; (iii) access to its assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to differences; (v) material information relating to Africa Oil and each of its Subsidiaries is made known to those within Africa Oil responsible for the preparation of the financial statements during the period in which the financial statements have been prepared and that such material information is disclosed to the public within the time periods required by Law; and (vi) all significant deficiencies and material weaknesses in the design or operation of such internal controls that could adversely affect Africa Oil's ability to disclose to the public information required to be disclosed by it in accordance with Law and all fraud, whether or not material, that involves management or employees that have a significant role in Africa Oil's internal controls have been disclosed to the audit committee of Africa Oil;

(kk) Africa Oil maintains a system of disclosure controls and procedures that is designed to provide reasonable assurance that information required to be disclosed by Africa Oil under Securities Laws is recorded, processed, summarized and reported within the time periods specified under Securities Laws and that information required to be disclosed by Africa Oil under Securities Laws is accumulated and communicated to Africa Oil's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure;

(ll) Africa Oil and each of its Subsidiaries has good and marketable title to all of its properties and assets and, to Africa Oil's knowledge, such interests are free and clear of adverse claims created by, through or under Africa Oil or any of its Subsidiaries and that, to Africa Oil's knowledge, each of Africa Oil and its Subsidiaries holds such interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements except where the failure to so hold its Interest would not, individually or in the aggregate, constitute a Material Adverse Effect;

(mm) except as disclosed in Section 4.1(mm) of the Africa Oil Disclosure Letter, neither Africa Oil or any of its Subsidiaries has in place or in effect any employment agreements, consulting agreements or other change of control agreements which provide for a payment accruing as a result of the transactions contemplated hereby;

(nn) Africa Oil does not have in place a shareholder rights plan or similar agreement;

(oo) each of Africa Oil and its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which it is engaged; all policies of insurance insuring each of Africa Oil and its Subsidiaries or their respective businesses, assets, employees, officers and directors are in full force and effect, except where the failure to be in full force and effect would not, individually or in the aggregate, constitute a Material Adverse Effect;

(pp) no general labour dispute with the employees of Africa Oil or its Subsidiaries exists or, to the knowledge of Africa Oil, is imminent;

(qq) other than as disclosed in the Africa Oil Financial Statements, there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of Africa Oil or any of its Subsidiaries with unconsolidated entities or other persons that may have a Material Adverse Effect on Africa Oil or any of its Subsidiaries;

(rr) neither Africa Oil nor any of its Subsidiaries has any material liabilities of any nature (matured or unmatured, fixed or contingent) to a third party, other than:

(i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Africa Oil Financial Statements;

(ii) those incurred in the ordinary course of business and not required to be set forth in the Africa Oil Financial Statements under IFRS;

(iii) those incurred in the ordinary course of business since the date of the Africa Oil Financial Statements and consistent with past practice; and

(iv) those incurred in connection with the execution of this Agreement.

(ss) the Material Interests constitute all of the material interests in oil and gas exploration, development or production assets directly or indirectly held by Africa Oil, its Subsidiaries (for clarity, excluding Prime and the Prime Subsidiaries) or, to the knowledge of Africa Oil, Impact;

(tt) the Material Interest Documents are the only material documents to which Africa Oil, its Subsidiaries (for clarity, excluding Prime and the Prime Subsidiaries) and, to the knowledge of Africa Oil, Impact, is a party which govern or relate to the creation, existence and validity of the Material Interests or govern the production, processing, transportation of Hydrocarbons produced or to be produced;

(uu) other than the Kenya Withdrawal and except as disclosed in Section 4.1(uu) of the Africa Oil Disclosure Letter, as at the date of this Agreement, none of Africa Oil or its Subsidiaries or, to the knowledge of Africa Oil, Impact, has given any written notice of withdrawal from any of the Material Interests or the Material Interest Documents;

(vv) to the knowledge of Africa Oil, the Kenya Withdrawal has been notified to the counterparties of the relevant Kenyan Interest Documents in compliance with such Material Interest Documents and consent from the Kenyan Governmental Entity has been requested in accordance with all Laws and Africa Oil has not received any indication from the Kenyan Governmental Entity that consent to the Kenya Withdrawal would not be granted and, except as disclosed in Section 4.1(vv) of the Africa Oil Disclosure Letter, there are no outstanding liabilities (whether costs, penalties, fines or otherwise) relating to the period prior to the notification of the Kenya Withdrawal or in connection with the Kenya Withdrawal (whether pursuant to the relevant Material Interest Documents, in relation to decommissioning or otherwise under Law);

(ww) all obligations of the parties to the Kenyan Alternative Dispute Resolution Agreement have been fully completed thereunder and all disputes referred to therein have been fully and finally settled;

(xx) as at the Agreement Date, to the knowledge of Africa Oil, no sole risk or non-consent proposal or operations are proposed or in existence under the Material Interest Documents; and (yy) except as disclosed in Section 4.1(yy) of the Africa Oil Disclosure Letter, each of Africa Oil and its Subsidiaries has provided to BTG all material information in its possession relating to the ***[Redacted – Reference to third party litigation matter]***.

4.2 Survival of Representations and Warranties of Africa Oil and ReorgCo

The representations and warranties made by Africa Oil and ReorgCo herein shall not survive the completion of the Amalgamation and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms; provided that notwithstanding the foregoing, the representation and warranties made by Africa Oil and ReorgCo in Sections 4.1(a)-4.1(r) and 4.1(yy) shall survive the Effective Date until the second anniversary thereof, unless *bona fide* notice of a claim shall have been made in writing before such date, in which case the representation and warranty to which such notice applies shall survive in respect of that claim until the final determination or settlement of the claim, notwithstanding any investigation made by or on behalf of any Party entitled to rely on such representation and warranty, and provided that (a) the representations and warranties set out in Sections 4.1(a) *[Organization]*, 4.1(b) *[Corporate Power]*, 4.1(c) *[Authorization]*, 4.1(d) *[Execution by Africa Oil]*, 4.1(e) *[Execution by ReorgCo]*, 4.1(f) *[No Violation]* and 4.1(k) *[Capitalization]* shall continue in full force and effect until the fifth anniversary of the Effective Date, and (b) the representations and warranties in Sections 4.1(w), (x), (y), (z), (aa), (bb) and (cc) *[Taxes]* shall survive and continue in full force and effect until 60 days following the expiration of the period, if any, during which an assessment, reassessment or other form of recognized document assessing liability for Taxes or interest or penalties upon Taxes under applicable Law in respect of any taxation year to which such representations and warranties extend could be issued under such Law, in each case, unless *bona fide* notice of a claim shall have been made in writing before such date, in which case the representation and warranty to which such notice applies shall survive in respect of that claim until the final determination or settlement of the claim. Additionally, a claim for any breach of any of the representations and warranties contained in this Agreement involving fraud or fraudulent misrepresentation may be made at any time following the date hereof, subject only to applicable limitation periods imposed by applicable Law.

4.3 Indemnification by Africa Oil

Subject to the limitations set forth in Section 4.2, from and after the Effective Date, Africa Oil hereby agrees to indemnify and save harmless BTG and its affiliates, partners, managers, directors, officers, employees and agents (collectively, the "**BTG Indemnified Parties**") for, from and against all claims, demands, suits, actions, causes of action, proceedings, costs, expenses (including legal fees and expenses, including experts' fees), losses, liabilities, or damages of whatever kind which may be suffered or incurred, directly or indirectly, by the BTG Indemnified Parties resulting from, arising out of or relating to any misrepresentation, inaccuracy or breach of any representation or warranty made by Africa Oil or ReorgCo herein that survive after the Effective Date.

4.4 Representations and Warranties in respect of BTG

Except as set forth in the BTG Disclosure Letter, BTG represents and warrants to and in favour of Africa Oil as follows and acknowledges that Africa Oil is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) each of BTG and BTG Parent is duly incorporated or formed and is validly subsisting under the laws of its jurisdiction of incorporation or formation and has the requisite corporate power and capacity to carry on its business as it is now being conducted; BTG and BTG Parent is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on BTG;

(b) each of BTG and BTG Parent has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;

(c) the execution and delivery of this Agreement and the consummation by BTG and BTG Parent of the transactions contemplated hereby have been duly authorized by the BTG Board of Directors and the board of members of BTG Parent and no other corporate proceedings on the part of BTG or BTG Parent are or will be necessary to authorize this Agreement and the transactions contemplated hereby;

(d) this Agreement has been duly executed and delivered by BTG and BTG Parent and constitutes the legal, valid and binding obligation of BTG and BTG Parent enforceable against BTG and BTG Parent (as applicable) in accordance with its terms;

(e) except as disclosed in Section 4.4(e) of the BTG Disclosure Letter, neither the execution and delivery of this Agreement and the Master Agreement by BTG and BTG Parent, the consummation by BTG and BTG Parent of the transactions contemplated hereby and thereby nor compliance by BTG and BTG Parent with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of BTG under, any of the terms, conditions or provisions of (x) the constating documents of BTG or BTG Parent, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which BTG is a party or to which its properties or assets may be subject or by which BTG is bound; or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to BTG or BTG Parent (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any Material Adverse Effect on BTG and would not have a material adverse effect on the ability of the Parties to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a Material Adverse Effect on BTG;

(f) (i) there is no legal impediment to BTG's consummation of the transactions contemplated by this Agreement or, except as disclosed in Section 4.4(f) of the BTG Disclosure Letter, the Master Agreement; and (ii) except in respect of the Regulatory Approvals, no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by BTG in connection with the consummation of the Amalgamation, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would have a Material Adverse Effect on BTG and would not have any material adverse effect on the ability of the Parties to consummate the transactions contemplated hereby;

(g) as at the date hereof, BTG has issued and outstanding 20,000 BTG Shares and there are no outstanding securities of BTG or options, warrants, rights or conversion or exchange privileges entitling anyone to acquire any securities of BTG or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by BTG of any securities of BTG or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of BTG; and all outstanding BTG Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights;

(h) at the Effective Date, BTG Parent will be the sole legal and beneficial owner of the BTG Shares;

(i) BTG has made all material filings required under Law with the applicable Governmental Entities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein were true, correct and complete in all material respects and did not contain any Misrepresentation, as at the date of such information or statements;

(j) since December 31, 2023: (i) there has been no Material Adverse Change in respect of BTG (or any condition, event or development involving a prospective change that would result in a Material Adverse Change to, or have a Material Adverse Effect on, BTG); (ii) BTG has conducted its businesses only in the ordinary course of business; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to BTG has been incurred other than in the ordinary course of business;

(k) except as disclosed in Section 4.4(k) of the BTG Disclosure Letter, there are no actions, suits, proceedings or inquiries, including, to the knowledge of BTG, pending or threatened against or affecting BTG, at Law or in equity, or before or by any Governmental Entity which would have a Material Adverse Effect on BTG, or have a material adverse effect on the ability of the Parties to consummate the transactions contemplated hereby or by the Master Agreement;

(l) the BTG Financial Statements were prepared in accordance with Luxembourg GAAP consistently applied (except (i) as otherwise indicated in such financial statements and the notes thereto) and fairly present in all material respects the consolidated financial position, results of operations and changes in financial position of BTG as of the dates thereof and for the periods indicated therein and reflect reserves required by Luxembourg GAAP in respect of all material contingent liabilities, if any, of BTG. Since January 1, 2024, there has been no material change in BTG's financial accounting policies, methods or practices except as described in the notes to the BTG Financial Statements or as a result of the Continuance;

(m) except as disclosed in Section 4.4(m) of the BTG Disclosure Letter, BTG has no material liabilities of any nature (matured or unmatured, fixed or contingent), other than:

(i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the BTG Financial Statements;

(ii) those incurred in the ordinary course of business and not required to be set forth in the BTG Financial Statements under Luxembourg GAAP;

(iii) those incurred in the ordinary course of business since the date of the BTG Financial Statements and consistent with past practice; and

(iv) those incurred in connection with the execution of this Agreement and satisfaction of its obligations hereunder;

(n) except as disclosed in Section 4.4(n) of the BTG Disclosure Letter, BTG is, and at all times since its inception has been, a passive holding company whose only asset has been a direct or indirect equity interest in Prime, amounts owing by Prime and cash;

(o) BTG directly beneficially owns 50% of the outstanding shares of Prime and, except as disclosed in Section 4.4(o) of the BTG Disclosure Letter, no Person, firm, corporation or other entity holds any securities issued by BTG that are convertible or exchangeable into securities of Prime or has entered into any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or issuance of any of the securities of Prime held by BTG;

(p) BTG has no Subsidiaries;

(q) no securities commission or similar regulatory authority, or stock exchange in Canada, Brazil or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of BTG, no such proceeding is, to the knowledge of BTG, pending, contemplated or threatened and BTG is not in default of any requirement of any Securities Laws;

(r) BTG has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Amalgamation, any transaction contemplated hereby or any transaction presently ongoing or contemplated;

(s) BTG does not have in place or in effect any employment agreements, consulting agreements or other change of control agreements which provide for a payment accruing as a result of the Amalgamation or other change of control of BTG;

(t) BTG does not have any employees and has never had any employees;

(u) there are no accrued bonuses payable to any officers or directors of BTG;

(v) the boards of members of BTG and BTG Parent have each unanimously endorsed the Amalgamation and approved this Agreement;

(w) to the knowledge of BTG, none of the BTG Shares are the subject of any escrow, voting trust or similar agreement;

(x) the minute books, books of account and other records of BTG have (whether of a financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable Laws and are complete and accurate in all material respects;

(y) BTG is not a “reporting issuer” pursuant to applicable Securities Laws of the provinces and territories of Canada;

(z) as of the date of this Agreement, the BTG Shares are a class of securities not registered or required to be registered pursuant to Section 12 of the *United States Securities and Exchange Act of 1934*, as amended;

(aa) BTG is not a “foreign private issuer” within the meaning of Rule 405 of Regulation C adopted by the SEC under the U.S. Securities Act;

(bb) the principal offices of BTG are not located within the United States;

(cc) BTG currently holds no assets located in the United States and had no sales in or into the United States in its most recently completed fiscal year;

(dd) BTG is not an "investment company" within the meaning of the *United States Investment Company Act of 1940*, as amended;

(ee) BTG was not interposed to avoid paying Dutch withholding tax at another BTG entity;

(ff) as of the date hereof, BTG (i) is a "non-Canadian" within the meaning of the Investment Canada Act, (ii) is a "trade agreement investor" or "WTO investor" within the meaning of the *Investment Canada Regulations* (Canada), and (iii) is not a "state-owned enterprise" within the meaning of the *Investment Canada Act* (Canada);

(gg) all Returns required to be filed by or on behalf of BTG have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects and no material fact has been omitted therefrom; all Taxes have been paid in full on a timely basis, and, to the knowledge of BTG, no other Taxes are payable by BTG with respect to items or periods covered by such Returns; no extension of time in which to file any such Returns is in effect; no Governmental Entity has asserted that BTG is required to file Returns or pay any Taxes in any jurisdiction where it does not do so;

(hh) BTG has paid or provided adequate accruals in its financial statements for the period ended December 31, 2023 for Taxes, including income taxes and related future taxes, in conformity with Luxembourg GAAP;

(ii) no material deficiencies exist or have been asserted with respect to Taxes of BTG; BTG is not a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against BTG or any of its assets; no waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of BTG; the Returns of BTG have never been audited by a government or taxing authority, nor is any such audit in process, or to the knowledge of BTG, pending or threatened which resulted in or could result in a reassessment of Taxes owing by BTG or an adjustment to the tax pools of BTG;

(jj) BTG has withheld from each payment made to any of its present or former officers and directors, or any other Person, all amounts required by Law and will continue to do so until the Effective Date and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Entity;

(kk) at all times after the Continuance until the Effective Time, BTG will be resident in Canada for purposes of the Tax Act;

(ll) at the Effective Time, BTG will be a "taxable Canadian corporation";

(mm) no director or officer of BTG or other non-arm's length party to BTG is indebted to BTG;

(nn) at the Continuance Time,

(i) BTG will have cash on hand at least equal to the total of all amounts each of which is the amount of a debt owing by BTG, or any other obligation of BTG to pay an amount, including for any known Taxes payable by BTG for all Pre-Closing Periods, that is outstanding at the Continuance Time,

(ii) BTG will have a single class of shares issued and outstanding,

(iii) BTG will be controlled by BTG Parent, a non-resident of Canada within the meaning of the Tax Act, and

(iv) the participation in Prime owned by BTG will fully benefit from the Luxembourg participation exemption as provided for in article 166 of the Luxembourg income tax law (including the grad ducal regulation of 21 December 2001 in relation to its execution) immediately before the Continuance Time;

(oo) Upon the completion of the Continuance, the add-back of recapture expenses (if any) in relation to the participation it owns in Prime will not result in Luxembourg Taxes payable by BTG;

(pp) BTG is not indebted to any of its directors or officers or consultants, any of its shareholders or any of their respective associates or affiliates, except for amounts due as reimbursement for ordinary business expenses incurred within the previous 90 days;

(qq) except as disclosed in Section 4.4(qq) of the BTG Disclosure Letter, there is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which BTG is a party or by which it is otherwise bound that would now or hereafter in any way may limit the business or operations of BTG in a particular manner or to a particular locality or geographic region or for a specified period of time and the execution, delivery and performance of this Agreement does not and will not result in any restriction of BTG from engaging in its business or from competing with any person or in any geographic area;

(rr) BTG does not have any obligation to sell assets, properties or undertakings with a value in excess of $100,000 in the aggregate under any agreements to sell that have not closed;

(ss) except as disclosed in Section 4.4(ss) of the BTG Disclosure Letter, BTG is not a party to or bound by any agreement, guarantee, indemnification (other than in the ordinary course of business and to officers and directors pursuant to BTG's constating documents and standard indemnity agreements, pursuant to underwriting, agency or financial advisor agreements pursuant to the standard indemnity provisions in agreements of that nature), or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation;

(tt) no director, officer, insider or other party not at arm's length to BTG has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, participation interest or any other interest whatsoever, in any properties of BTG;

(uu) as at the Agreement Date, BTG's net debt, including working capital, did not exceed $0;

(vv) neither BTG nor BTG Parent nor any of its or their Representatives has: (a) offered, paid, given, promised to pay or give, or authorized the payment or gift of anything of value, directly or indirectly, to any Foreign Public Official, or to any Person on behalf of a Foreign Public Official, in whole or in part, for purposes of: (i) influencing any act or decision of any Foreign Public Official in his or her official capacity; (ii) inducing such Foreign Public Official to do or omit to do any act in violation of his or her lawful duty; (iii) securing any improper advantage, or (iv) inducing such Foreign Public Official to use his or her influence with a foreign Governmental Entity or commercial enterprise owned or controlled by any foreign Governmental Entity in order to assist BTG or any Person related in any way to its business in obtaining or retaining business or directing any business to any Person (b) violated or is violating any provision of Anti-Corruption Laws; (c) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties; or (d) has made or authorized any Person to make any bribe, illegal rebate, illegal payoff, influence payment, kickback or other unlawful or improper payment having the effect of commercial bribery. No proceeding by or before any Governmental Entity involving BTG or BTG Parent with respect to the Anti-Corruption Laws is pending or, to the knowledge of BTG, threatened or under investigation, and BTG is not aware of any reason to or nor does it intend to make any disclosure (voluntary or otherwise) to any Governmental Entity with respect to any violation, potential violation, or liability arising under or relating to any Anti-Corruption Laws. Each of BTG and the BTG Parent has and has had in place policies, procedures, controls and systems reasonably designed to ensure compliance with Anti-Corruption Laws;

(ww) neither BTG nor BTG Parent, nor any of its or their Representatives (a) has been or is currently the subject of any Sanctions, (b) has been or is currently located, organized or resident in a country or territory which is itself the subject or target of comprehensive territorial Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Syria, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic), and (c) is owned or controlled by any Person or Persons described in clause (a) or (b). BTG has not received any notice alleging that BTG, BTG Parent or any of its or their Representatives has violated any Sanctions and, to the knowledge of BTG, no condition or circumstances exist that would form the basis for any such allegations. None of BTG, BTG Parent nor its or their Representatives has violated or is in violation of any Sanctions or is conducting or has conducted business with any Person who is the target of any Sanctions. No proceeding by or before any Governmental Entity involving BTG or BTG Parent with respect to the Sanctions is pending or, to the knowledge of BTG, threatened, and BTG is not aware of any reason to nor intends to make any disclosure (voluntary or otherwise) to any Governmental Entity with respect to any violation, potential violation, or liability arising under or relating to any Sanctions;

(xx) the Master Agreement and the entry into the Master Agreement by each of BTG and BTG Parent have been authorized by all necessary corporate action on the part of BTG and BTG Parent;

(yy) the representations and warranties of BTG and BTG Parent made in the Master Agreement are true and correct, in all material respects as of the date of the Master Agreement, except to the extent such representations and warranties are: (i) made as of another date, in which case, such representations and warranties shall be true and correct in all material respects as of that date, in each case, with the same force and effect as if made as of the date of the Master Agreement, and (ii) qualified by a materiality or "Material Adverse Effect" qualifier in the Master Agreement, in which case they are true and correct as of the date of the Master Agreement;

(zz) as of the date hereof, the Master Agreement has not been terminated or amended nor have any terms and conditions thereof been waived, in each case in a manner that would be materially adverse to the terms and conditions upon which BTG is effecting the BTG Pre-Closing Reorganization;

(aaa) the Master Agreement has been duly executed and delivered by BTG and BTG Parent and constitutes the legal, valid and binding obligation of BTG and BTG Parent enforceable against BTG and BTG Parent (as applicable) in accordance with its terms;

(bbb) except as disclosed in Section 4.4(bbb) of the BTG Disclosure Letter, as of the date hereof, nothing has come to the attention of BTG or BTG Parent that would cause either BTG or BTG Parent to believe that the BTG Pre-Closing Reorganization will not be consummated substantially in accordance with the terms of the Master Agreement; and (ccc) to the knowledge of BTG, BTG has not withheld from Africa Oil any material information or documents concerning BTG or its assets or liabilities or the transactions contemplated by the Master Agreement during the course of Africa Oil's review of BTG and its assets.

4.5 Survival of Representations and Warranties of BTG

The representations and warranties made by BTG herein shall survive the Effective Date until the second anniversary thereof, unless *bona fide* notice of a claim shall have been made in writing before such date, in which case the representation and warranty to which such notice applies shall survive in respect of that claim until the final determination or settlement of the claim, notwithstanding any investigation made by or on behalf of any Party entitled to rely on such representation and warranty, and provided that (a) the representations and warranties set out in Sections 4.4(a) *[Organization]*, 4.4(b) *[Corporate Power]*, 4.4(c) *[Authorization]*, 4.4(d) *[Execution by BTG and BTG Parent]*, 4.4(e) *[No Violation]* and 4.4(g) *[Capitalization]* shall continue in full force and effect until the fifth anniversary of the Effective Date, and (b) the representations and warranties in Sections 4.4(gg), (hh), (ii), (jj), (kk) and (ll) *[Taxes]* shall survive and continue in full force and effect until 60 days following the expiration of the period, if any, during which an assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Law in respect of any taxation year to which such representations and warranties extend could be issued under such Law, provided BTG did not file any waiver or other document extending that period. Notwithstanding the foregoing, a claim for any breach of any of the representations and warranties contained in this Agreement involving fraud or fraudulent misrepresentation may be made at any time following the date hereof, subject only to applicable limitation periods imposed by applicable Law.

4.6 Indemnification by BTG Parent

Subject to the limitations set forth in Section 4.5, from and after the Effective Date, BTG Parent hereby agrees to indemnify and save harmless Africa Oil, ReorgCo and their affiliates, partners, managers, directors, officers, employees and agents (collectively, the "**Africa Oil Indemnified Parties**") for, from and against all claims, demands, suits, actions, causes of action, proceedings, costs, expenses (including legal fees and expenses, including experts' fees), losses, liabilities, or damages of whatever kind which may be suffered or incurred, directly or indirectly, by the Africa Oil Indemnified Parties resulting from, arising out of or relating to any misrepresentation, inaccuracy or breach of any representation or warranty made by BTG in Section 4.4 of this Agreement and for all Taxes payable by BTG for all Pre-Closing Periods and the portion of any Straddle Period ending at the Effective Time (as determined under Section 5.5 of this Agreement).

ARTICLE 5
TAX MATTERS

5.1 Reportable Transactions

The Parties hereto shall reasonably cooperate in good faith to determine whether any transaction contemplated by this Agreement, or any transaction that may be considered to be part of the same series of transactions as the transactions contemplated by this Agreement, is a "reportable transaction" (as defined in section 237.3 of the Tax Act), is a "notifiable transaction" (as defined in section 237.4 of the Tax Act), or is otherwise required to be reported to any applicable Governmental Entity under any analogous provision of any comparable Law of any province or territory of Canada, including any transaction subject to mandatory disclosure rules under the *Taxation Act* (Québec). If any Party determines that any such transaction is reportable then it shall so notify all Other Parties and the Parties shall reasonably cooperate in good faith (including sharing of draft reporting forms) to make any such report on a timely basis. Notwithstanding the foregoing and for greater certainty, each Party shall be permitted to report any transaction to an applicable Governmental Entity to the extent that such Party determines, acting reasonably, that such reporting is required by Law.

5.2 Tax Elections

(a) Immediately after the Continuance, the directors of BTG shall pass a resolution confirming that the capital of the BTG Shares is the amount that would have been added to BTG's capital had it always been a company incorporated under the Act.

(b) The Parties shall co-operate to cause BTG to elect under the Tax Act to report its Canadian tax results in U.S. dollars for its taxation year beginning upon the completion of the Continuance in prescribed form and file such election with the Minister of National Revenue within the prescribed time, being 60 days after the completion of the Continuance.

(c) If the "paid-up capital adjustment" in respect of the BTG Shares as determined pursuant to subsection 128.1(2) of the Tax Act is a positive amount, the Parties shall co-operate to cause BTG to make the election to add such paid-up capital adjustment to the paid-up capital of the BTG Shares in accordance with subparagraph 128.1(2)(b)(i) of the Tax Act, by notifying the Minster of National Revenue in writing within 90 day after the completion of the Continuance.

5.3 Preparation and Filing of Tax Returns

BTG Parent shall cause to be prepared all Returns of BTG that relate to taxation periods commencing before the Effective Time and are not due for filing until after the Effective Time. BTG Parent shall cause to be prepared each Return on a basis consistent with Law and the past practices and procedures of BTG, to the extent applicable. BTG Parent shall give Africa Oil an opportunity to review and comment on those Tax Returns, by providing copies of them to Africa Oil at least 30 days before they are required by Law to be filed. BTG Parent shall consider all reasonable comments in respect of those Tax Returns received from Africa Oil within 15 days of the Tax Returns' receipt by Africa Oil.

5.4 Books and Records Relating to Taxes

As promptly as practicable after the Effective Date, BTG Parent shall deliver to Africa Oil copies of all documents relating to the Taxes of BTG in respect of the Pre-Closing Periods.

5.5 Straddle Periods

In the case of any Straddle Period, the amount of Taxes allocable to the portion of the Straddle Period ending at the Effective Time shall be:

(a) in the case of Taxes imposed on a periodic basis (such as real or personal property Taxes), the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period) multiplied by a fraction, the numerator of which is the number of calendar days in the Straddle Period prior to the Effective Date and the denominator of which is the number of calendar days in the entire relevant Straddle Period; and

(b) in the case of Taxes not described in (a) (such as franchise Taxes, Taxes that are based upon or related to income or receipts, or Taxes that are based upon occupancy or imposed in connection with any sale or other transfer or assignment of property), the amount of such Taxes determined as if such tax period ended at the Effective Time.

5.6 Tax Contests

(a) Notwithstanding anything to the contrary in this Agreement, Africa Oil shall notify BTG Parent no later than 30 days following the receipt by Africa Oil or any of its Subsidiaries of any assessment received from any Governmental Entity with respect to Taxes for which BTG Parent is responsible pursuant to this Agreement (a "**Tax Matter**"). Notwithstanding the foregoing, the failure of Africa Oil to give notice under the preceding sentence will not adversely affect any of the other rights or remedies that the Africa Oil Indemnified Parties have under this Agreement, or alter or relieve BTG Parent of its obligation to indemnify the Africa Oil Indemnified Parties hereunder, except to the extent BTG Parent is materially prejudiced thereby. BTG Parent may participate in a Tax Matter relating to a Pre-Closing Period (for the avoidance of doubt, not including a Tax Matter relating to a Straddle Period) and assume the defence of such Tax Matter at its expense (a "**BTG Tax Matter**"). In order to contest and control a BTG Tax Matter, BTG Parent must:

(i) give Africa Oil written notice of its election within 30 days of BTG Parent's receipt of notice of such Tax Matter,

(ii) unconditionally acknowledge to Africa Oil that BTG Parent is required to indemnify Africa Oil in respect of such claim, and

(iii) pay to Africa Oil within 10 days of receipt of the notice of such Tax Matter any amount (i) required to be paid by an Africa Oil Indemnified Party under applicable Law or any Order, (ii) in respect of which a Governmental Entity is legally permitted to take collection action at that time, provided that in the case of Luxembourg Taxes, any amount paid to Africa Oil under this Section 5.6(a)(iii) shall not be paid to a Governmental Entity, and shall be returned to BTG Parent, in the event that BTG is able to obtain the suspension of collection, stay of execution or deferral of collection with a Governmental Entity or by judicial means, or (iii) in respect of which any amount is garnished by a Governmental Entity (each such amount a "**Preliminary Compulsory Payment Amount**").

Representatives of Africa Oil have the right to participate in the defense of such BTG Tax Matter and to employ counsel, at Africa Oil's own expense, separate from the counsel employed by BTG Parent. BTG Parent shall not take any action or agree to any settlement with respect to any BTG Tax Matter without the prior written consent of Africa Oil (which consent will not be unreasonably withheld, conditioned or delayed). BTG Parent will keep Africa Oil reasonably informed of all developments with respect to the BTG Tax Matter and will, in good faith, consult with Africa Oil regarding the conduct of or positions taken in any BTG Tax Matter. Without giving Africa Oil a reasonable opportunity to take carriage thereof, BTG Parent shall not settle or abandon any claim relating to Taxes that it has elected to defend unless it has first unconditionally acknowledged to Africa Oil that BTG Parent is required to indemnify Africa Oil in respect of such claim.

(b) If BTG Parent does not assume the defense of a Tax Matter in accordance with this Section 5.6, fails to diligently conduct such defense, or such Tax Matter relates to a Straddle Period, Africa Oil shall represent the interests of Amalco with respect to any such Tax Matter before the relevant Governmental Entity and shall control the defense, compromise or other resolution of any such Tax Matter. BTG Parent will have the right (but not the duty) to participate in the defense of such Tax Matter and to employ counsel, at BTG Parent's expense, separate from the counsel employed by Africa Oil. Notwithstanding the foregoing, Africa Oil must not enter into any settlement of any such Tax Matter to the extent that it adversely affects the rights and obligations of BTG Parent hereunder without the prior written consent of BTG Parent (which consent will not be unreasonably withheld, conditioned or delayed). Africa Oil will keep BTG Parent reasonably informed of all developments with respect to the Tax Matter and will, in good faith, consult with BTG Parent and take into account any comments or suggestions made by BTG Parent regarding the conduct of or positions taken in any such proceeding. Once a final determination with respect to liability of BTG Parent for any Tax Matter has been made by a Governmental Entity (including pursuant to a settlement) and all rights to object to or appeal from the determination have been exhausted or have expired with regard to liability for such Tax Matter, then BTG Parent shall, within 10 days of the time that it receives notice of such final determination, pay such amount to Africa Oil. For greater certainty, each of BTG Parent and Africa Oil shall provide reasonable cooperation to the Other Party in respect of any Tax Matter.

(c) Upon the occurrence of a Final Compulsory Payment Indemnification Event (if any), (i) if the aggregate of all Preliminary Compulsory Payment Amounts is less than the amount so determined under the Final Determination to be the amount owing (the "**Final Compulsory Payment Amount**"), BTG Parent shall, within 10 days of the time that Africa Oil notifies BTG Parent of the occurrence of the Final Compulsory Payment Indemnification Event, pay to Africa Oil an amount equal to the difference between the aggregate of all Preliminary Compulsory Payment Amounts and the Final Compulsory Payment Amount, and (ii) if the aggregate of all Preliminary Compulsory Payment Amounts paid by the Indemnifying Party exceeds the Final Compulsory Payment Amount, Africa Oil shall within 10 days of the receipt of any related refund or credit, pay to BTG Parent the amount of such refund or credit (including any interest paid or credited with respect thereto but net of any Taxes payable by an Africa Oil Indemnified Party in respect of such refund, credit or interest).

ARTICLE 6
CONDITIONS PRECEDENT

6.1 Mutual Conditions Precedent

The respective obligations of the parties hereto to consummate the transactions contemplated hereby, and in particular the Amalgamation, are subject to the satisfaction, at or before the Closing Time or such other time specified, of the following conditions, any of which may be waived by the mutual consent of such parties without prejudice to their right to rely on any other of such conditions:

(a) the Africa Oil Meeting Resolutions shall have received the Requisite Approval from the Africa Oil Shareholders at the Africa Oil Meeting;

(b) the Regulatory Approvals shall have been obtained on terms satisfactory to each of the Parties, acting reasonably, and be in full force and effect;

(c) conditional approval of the TSX to the listing of the Africa Oil Shares issued in connection with the Amalgamation shall have been obtained, subject only to customary listing conditions;

(d) the Africa Oil Shares issued pursuant to the Amalgamation have been admitted for trading on Nasdaq Stockholm;

(e) the Prospectus shall have been approved by the Swedish Financial Supervisory Authority and published in accordance with the EU Prospectus Regulation;

(f) the parties to the CUOA (other than Prime 127 (Nigeria) Ltd.) have provided a signed document (in a form acceptable to Africa Oil and BTG, each acting reasonably) in respect of clause 13 of the CUOA in the context of the Amalgamation;

(g) completion of the farmout by Impact Oil and Gas Namibia (Pty) Ltd. to TotalEnergies EP Namibia BV of a 9.39% participating interest in Block 2912, offshore Namibia and a 10.5% participating interest in Block 2913B, offshore Namibia, in accordance with the terms of the farmout agreement between Impact Oil and Gas Namibia (Pty) Ltd. and TotalEnergies EP Namibia BV dated January 10, 2024;

(h) the BTG Pre-Closing Reorganization shall have been completed prior to the Effective Date;

(i) no material action or proceeding shall be pending or threatened by any Person, company, firm, Governmental Entity, regulatory body or agency and there shall be no action taken under any existing Laws or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or Governmental Entity or similar agency, domestic or foreign, that:

  (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation or any other transactions contemplated herein; or

  (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.

The foregoing conditions are for the mutual benefit of Africa Oil and ReorgCo, on the one hand, and BTG and BTG Parent, on the other hand, and may be asserted by Africa Oil, ReorgCo, BTG and by BTG Parent regardless of the circumstances and may be waived by Africa Oil, ReorgCo, BTG and BTG Parent in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Africa Oil, ReorgCo, BTG or BTG Parent may have.

6.2 Conditions to Obligation of Africa Oil and ReorgCo

The obligation of Africa Oil and ReorgCo to consummate the transactions contemplated hereby, and in particular the Amalgamation, is subject to the satisfaction, at or before the Closing Time or such other time specified, of the following conditions:

(a) BTG shall have furnished Africa Oil with certified copies of the resolutions, duly passed by the BTG Board of Directors and the board of managers of BTG Parent approving the Amalgamation, this Amalgamation Agreement and the consummation of the transactions contemplated hereby;

(b) except as affected by the transactions contemplated by or permitted by this Agreement, (i) the representations and warranties of BTG contained in Sections 4.4(a) *[Organization]*, 4.4(b) *[Corporate Power]*, 4.4(c) *[Authorization]*, 4.4(d) *[Execution by BTG and BTG Parent]*, 4.4(e) *[No Violation]* and 4.4(g) *[Capitalization]* shall be true and correct in all respects (without giving effect to any materiality qualifiers) other than *de minimis* inaccuracies as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects other than *de minimis* inaccuracies as of such date) and (ii) all other representations and warranties of BTG contained in Section 4.4 shall be true and correct as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct as of such date) except, in the case of (ii), to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect and Africa Oil shall have received a certificate to that effect dated the Effective Date from two senior officers or directors thereof acceptable to Africa Oil, acting reasonably, acting solely on behalf of BTG and not in their personal capacity, and without personal liability, to the best of his or her information and belief having made reasonable inquiry and Africa Oil shall have no knowledge to the contrary;

(c) BTG has fulfilled or complied in all material respects with the covenants and agreements of BTG contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and BTG has delivered a certificate confirming same to Africa Oil, executed by two senior officers or directors thereof acceptable to Africa Oil, acting reasonably, acting solely on behalf of BTG and not in their personal capacity, and without personal liability, to the best of his or her information and belief having made reasonable inquiry and Africa Oil shall have no knowledge to the contrary;

(d) prior to the Effective Date each of the directors and officers of BTG (other than those agreed to by Africa Oil) shall have provided their resignations (in the case of directors, in a manner that allows for the orderly replacement of directors on the Effective Date) together with customary releases in favour of BTG, conditional on closing of the Amalgamation and effective on the Effective Date, each in form and substance and on such terms as are satisfactory to Africa Oil, acting reasonably; and

(e) there shall not have occurred any Material Adverse Change in respect of BTG after the date hereof or prior to the Effective Date that is continuing and BTG shall have provided to Africa Oil and ReorgCo a certificate of two senior officers or directors of BTG to that effect (on BTG's behalf and without personal liability).

The conditions described in this Section 6.2 are for the exclusive benefit of Africa Oil and ReorgCo and may be asserted by Africa Oil and ReorgCo regardless of the circumstances or may be waived by Africa Oil and ReorgCo in their respective sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Africa Oil or ReorgCo may have.

6.3 Conditions to Obligation of BTG and BTG Parent

The obligations of BTG and BTG Parent to consummate the transactions contemplated hereby, and in particular the Amalgamation, is subject to the satisfaction, at or before the Closing Time or such other time specified, of the following conditions:

(a) Africa Oil shall have furnished BTG with certified copies of:

(i) the resolutions duly passed by the Africa Oil Board of Directors and the board of directors of ReorgCo approving the Amalgamation, this Amalgamation Agreement and the consummation of the transactions contemplated hereby and conditionally allotting for issuance the aggregate number of Africa Oil Shares that may be required to be issued in accordance with the terms of this Agreement upon the Amalgamation taking effect;

(ii) the resolutions duly passed by the Africa Oil Board of Directors increasing the size of the Africa Oil Board of Directors from eight (8) members to nine (9) members, appointing the BTG Nominees as directors and appointing at least one BTG Nominee to each committee of the Africa Oil Board of Directors, in each case, conditional on the Effective Time occurring;

(iii) the resolutions duly passed by the Africa Oil Board of Directors adopting the board governance policies set out in Section 6.3(a)(iii) of the Africa Oil Disclosure Letter, conditional on the Effective Time occurring; and

(iv) the Africa Oil Meeting Resolutions duly approved at the Africa Oil Meeting.

all of which shall be in full force and effect, unamended, as of the Effective Time;

(b) except as affected by the transactions contemplated by or permitted by this Agreement, (i) the representations and warranties of Africa Oil and ReorgCo contained in Sections 4.1(a) *[Organization]*, 4.1(b) *[Corporate Power]*, 4.1(c) *[Authorization]*, 4.1(d) *[Execution by Africa Oil]*, 4.1(e) *[Execution by ReorgCo]*, 4.1(f) *[No Violation]* and 4.1(k) *[Capitalization]* shall be true and correct in all respects (without giving effect to any materiality qualifiers) other than *de minimis* inaccuracies as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects other than *de minimis* inaccuracies as of such date) and (ii) all other representations and warranties of Africa Oil and ReorgCo contained in Section 4.1 shall be true and correct (without giving effect to any materiality qualifiers) as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct as of such date) except, in the case of (ii), to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect and BTG and BTG Parent shall have received a certificate to that effect dated the Effective Date of the President and Chief Executive Officer of Africa Oil and another senior officer thereof acceptable to BTG, acting reasonably, acting solely on behalf of Africa Oil and not in their personal capacity, and without personal liability, to the best of their information and belief having made reasonable inquiry and BTG and BTG Parent shall have no knowledge to the contrary;

(c) Africa Oil and ReorgCo have fulfilled or complied in all material respects with their respective covenants and agreements contained in this Agreement to be fulfilled or complied with by them on or prior to the Effective Time, and Africa Oil has delivered a certificate confirming same to BTG and BTG Parent, executed by the President and Chief Executive Officer of Africa Oil and another senior officer thereof acceptable to Africa Oil, acting reasonably, acting solely on behalf of Africa Oil and not in their personal capacity, and without personal liability, to the best of his or her information and belief having made reasonable inquiry and BTG and BTG Parent shall have no knowledge to the contrary;

(d) Africa Oil shall have complied with its obligations under Section 2.2(b) and the Transfer Agent shall have confirmed to BTG receipt from Africa Oil of the irrevocable treasury direction contemplated by Section 2.2(b) and that the applicable Africa Oil Shares covered thereby will be issued upon completion of the Amalgamation;

(e) the Investor Rights Agreement shall be in full force and effect;

(f) prior to the Effective Date, certain directors of Africa Oil as agreed in writing between Africa Oil and BTG shall have provided their resignations in a manner that allows for the orderly replacement of such directors on the Effective Date with the BTG Nominees as provided for in the Investor Rights Agreement, together with releases in favour of Africa Oil, conditional on closing of the

Amalgamation and effective on the Effective Date, each in form and substance on such terms as are satisfactory to BTG, acting reasonably; and

(g) there shall not have occurred any Material Adverse Change in respect of Africa Oil and its Subsidiaries (taken as a whole) after the date hereof or prior to the Effective Date that is continuing and Africa Oil shall have provided to BTG and BTG Parent a certificate of two senior officers of Africa Oil to that effect (on Africa Oil's behalf and without personal liability).

The conditions in this Section 6.3 are for the exclusive benefit of BTG and BTG Parent and may be asserted by BTG and BTG Parent regardless of the circumstances or may be waived by BTG and BTG Parent in their respective sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which BTG and BTG Parent may have.

6.4 Notice and Effect of Failure to Comply with Conditions

(a) Each of Africa Oil and BTG shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, (i) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations, warranties or covenants of the Parties (or remedies with respect to a breach thereof) or the conditions to the obligations of the Parties hereunder.

(b) No Party may exercise its right to terminate this Agreement pursuant to Sections 8.3(c)(iv) *[Breach of Representation, Warranty or Covenant by Africa Oil or ReorgCo]* or 8.3(d)(i) *[Breach of Representation, Warranty or Covenant by BTG or BTG Parent]* unless the Party intending to rely on such termination right (the "**Terminating Party**") has delivered a written notice to the Other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for termination (a "**Termination Notice**"). After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date, the Terminating Party may not exercise such termination right until the earlier of (a) the Outside Date, and (b) the date that is 30 days following receipt of such Termination Notice by the Breaching Party (the "**Cure Period**"), if such matter has not been cured by such date. If the Terminating Party delivers a Termination Notice prior to the date of the Africa Oil Meeting, unless the Parties agree otherwise, Africa Oil shall postpone or adjourn the Africa Oil Meeting to the earlier of (a) seven Business Days prior to the Outside Date and (b) the date that is 5 Business Days following the end of the Cure Period. More than one such Termination Notice may be delivered by a Party.

6.5 Satisfaction of Conditions

The conditions set out in this Article 6 are conclusively deemed to have been satisfied, waived or released when the Amalgamation Application is filed under the Act in accordance with the terms of this Agreement to give effect to the Amalgamation. For greater certainty, and notwithstanding the terms of any escrow arrangement entered into between Africa Oil and the Transfer Agent, all Africa Oil Shares to be issued pursuant to the irrevocable treasury direction that is held in escrow by the Transfer Agent pursuant to Section 2.2(b) shall be released from escrow when the Amalgamation Certificate is issued without any further act or formality required on the part of any Person.

ARTICLE 7
FEES

7.1 Termination Fees

(a) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if an Africa Oil Termination Fee Event occurs, Africa Oil shall cause a wholly-owned Subsidiary of Africa Oil that is a resident of the Netherlands to pay BTG the Africa Oil Termination Fee in accordance with Section 7.1(b).

(b) If this Agreement is terminated:

(i) pursuant to Section 8.3(b)(i) *[Failure to Obtain Requisite Approval]* or Section 8.3(b)(iii) *[Effective Time not Occurring by Outside Date]*, in each case, in circumstances where the Africa Oil Meeting Resolutions did not receive the Requisite Approval at the Africa Oil Meeting, but only if prior to the Africa Oil Meeting (A) a bona fide Acquisition Proposal shall have been made or any Person shall have publicly announced an intention to make an Acquisition Proposal, (B) such Acquisition Proposal has not expired or been publicly withdrawn prior to five Business Days before the Africa Oil Meeting, and (C) within 12 months of the date of such termination (1) Africa Oil or one or more of its Subsidiaries enters into a definitive agreement in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above) and such Acquisition Proposal is later consummated (whether or not within such 12 month period) or (2) an Acquisition Proposal shall have been consummated (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above). For purposes of this paragraph the references in the definition of "Acquisition Proposal" to "20%" shall be deemed to be references to "50%";

(ii) pursuant to Section 8.3(c)(i) *[Change of Recommendation]*;

(iii) pursuant to Section 8.3(c)(iii) *[Material Breach of Non-Solicitation Covenant by Africa Oil]*; or

(iv) pursuant to Section 8.3(d)(ii) *[Africa Oil Superior Proposal]*,

(each an "**Africa Oil Termination Fee Event**"),

then Africa Oil shall cause a wholly-owned Subsidiary of Africa Oil that is a resident of the Netherlands (the "**Payor**") to pay to BTG (or as BTG may direct by notice in writing), (x) in the case of an Africa Oil Termination Fee Event set out in Section 7.1(b)(i), on or prior to the consummation of the applicable Acquisition Proposal; (y) in the case of an Africa Oil Termination Fee Event set out in Section 7.1(b)(ii) or Section 7.1(b)(iii), within ten Business Days of the occurrence of the Africa Oil Termination Fee Event; and (z) in the case of an Africa Oil Termination Fee Event set out in Section 7.1(b)(iv), on or prior to the occurrence of such Africa Oil Termination Fee Event, the amount of $25,000,000 (the "**Africa Oil Termination Fee**") in immediately available funds to an account designated by BTG. The Payor shall be deemed to hold such funds in trust for BTG. Africa Oil covenants and agrees that the Africa Oil Termination Fee shall be paid by the Payor using funds received as dividends or distributions from its Subsidiaries and, at the request of BTG, shall provide evidence of same that is satisfactory to BTG, acting reasonably.

(c) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a BTG Termination Fee Event occurs, BTG shall pay Africa Oil the BTG Termination Fee in accordance with Section 7.1(d).

(d) If this Agreement is terminated:

(i) pursuant to Section 8.3(d)(iii) *[Material Breach of Non-Solicitation Covenant by BTG]*;

(ii) pursuant to Section 8.3(c)(ii) *[BTG Superior Proposal]*; or

(iii) pursuant to Section 8.3(d)(iv) *[Failure of BTG Pre-Closing Reorganization]*,

(each a "**BTG Termination Fee Event**"),

then BTG shall pay, or cause to be paid, to Africa Oil (or as Africa Oil may direct by notice in writing), (x) in the case of a BTG Termination Fee Event set out in Section 7.1(d)(i) or Section 7.1(d)(iii), within ten Business Days of the occurrence of the BTG Termination Fee Event; and (y) in the case of a BTG Termination Fee Event set out in Section 7.1(d)(ii), on or prior to the occurrence of such BTG Termination Fee Event, the amount of $25,000,000 (the "**BTG Termination Fee**"), in immediately available funds to an account designated by Africa Oil. BTG shall be deemed to hold such funds in trust for Africa Oil.

(e) The Parties acknowledge and agree that the agreements contained in this Section 7.1 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement, and that the Africa Oil Termination Fee and the BTG Termination Fee set out in this Section 7.1 represent liquidated damages for the termination of contractual rights which are a genuine pre-estimate of the damages, including opportunity costs, reputational damage and out-of-pocket expenditures which the Other Party and its affiliates will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and are not penalties. Africa Oil and BTG each irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. In no event shall Africa Oil or BTG be obligated to pay the Africa Oil Termination Fee or BTG Termination Fee, as applicable, on more than one occasion, whether or not the Africa Oil Termination Fee or BTG Termination Fee may be payable at different times or upon the occurrence of different events.

(f) BTG agrees that the payment of the Africa Oil Termination Fee in the manner provided in Section 7.1 is the sole monetary remedy of BTG, and is the maximum aggregate amount that Africa Oil shall be required to pay in lieu of any damages or any other payments or remedy which BTG may be entitled to in respect of the events giving rise to such payment; provided that (i) BTG shall also have the right to injunctive relief and other equitable relief to prevent breaches or threatened breaches of this Agreement and to enforce compliance with the terms of this Agreement and (ii) the foregoing limitations shall not apply in the event of fraud or wilful or intentional breach of this Agreement by Africa Oil or ReorgCo.

(g) Africa Oil and ReorgCo agree that the payment of the BTG Termination Fee in the manner provided in Section 7.1 is the sole monetary remedy of Africa Oil and ReorgCo, and is the maximum aggregate amount that BTG or BTG Parent shall be required to pay in lieu of any damages or any other payments or remedy which Africa Oil or ReorgCo may be entitled to in respect of the events giving rise to such payment; provided that (i) Africa Oil and ReorgCo shall also have the right to injunctive relief and other equitable relief to prevent breaches or threatened breaches of this Agreement and to enforce compliance with the terms of this Agreement and (ii) the foregoing limitations shall not apply in the event of fraud or wilful or intentional breach of this Agreement by BTG or BTG Parent.

ARTICLE 8
AMENDMENT AND TERMINATION OF AGREEMENT

8.1 Amendment

This Agreement may at any time and from time to time be amended by written agreement of the Parties hereto without, subject to Law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or

(d) waive compliance with or modify any other conditions precedent contained herein.

8.2 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

8.3 Termination

(a) This Agreement may, prior to the Effective Time, be terminated by mutual written agreement of BTG, BTG Parent, ReorgCo and Africa Oil.

(b) This Agreement may be terminated by BTG, BTG Parent, ReorgCo or Africa Oil prior to the Effective Time if:

(i) the Africa Oil Meeting is duly convened and held and the Requisite Approval of Africa Oil Shareholders in respect of the Africa Oil Meeting Resolutions is not obtained thereat; provided that a Party may not terminate this Agreement pursuant to this Section 8.3(b)(i) if the failure to obtain the Requisite Approval of Africa Oil Shareholders has been caused by, or is a result of, a breach by such Party or any of its affiliates of any of its representations or warranties or the failure of such Party or any of its affiliates to perform any of its covenants or agreements under this Agreement;

(ii) after the date hereof, there shall be enacted or made any Law that makes consummation of the Amalgamation illegal or otherwise prohibits or enjoins any Party from consummating the Amalgamation and such Law or enjoinment shall have become final and non-appealable; provided that the Party seeking to terminate this Agreement under this Section 8.3(b)(ii) and its affiliates have complied with Section 3.1(g) or Section 3.2(f), as applicable, in all material respects; or

(iii) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 8.3(b)(iii) shall not be available to any Party whose failure (or the failure of its affiliates) to fulfill any of its covenants or agreements or breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date; or

(iv) the condition set out in Section 6.1(f) has not been satisfied by December 31, 2024.

(c) This Agreement may be terminated by BTG or BTG Parent prior to the Effective Time if:

(i) the Africa Oil Board of Directors shall have (A) failed to make the Board Recommendation or withdrawn, amended, qualified or modified in a manner adverse to BTG the Board Recommendation or publicly stated an intention to do so (it being understood that publicly taking no position or a neutral position with respect to a publicly announced or otherwise publicly disclosed Acquisition Proposal for a period of five Business Days (or until the third Business Day prior to the date of the Africa Oil Meeting, if sooner) shall not be considered an adverse modification); (B) accepted, endorsed, approved or recommended, or publicly proposed to accept, endorse, approve or recommend, an Acquisition Proposal or entered into a binding written agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 3.3(b)); or (C) failed to publicly reaffirm the Board Recommendation without qualification within five Business Days of any written request by BTG to do so (or in the event that the Africa Oil Meeting is scheduled to occur within such five Business Day period, by the third Business Day prior to the Africa Oil Meeting) (any action in subclause (A), (B) or (C), a "**Change in Recommendation**");

(ii) BTG wishes to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 3.3(b)), provided that Section 3.3 has been complied with;

(iii) prior to the Requisite Approval of the Africa Oil Meeting Resolutions having been obtained, Section 3.3 shall have been breached by Africa Oil or any of its Subsidiaries or any of their respective Representatives in any material respect;

(iv) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Africa Oil or ReorgCo set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.3(b) or Section 6.3(c) not to be satisfied, and such breach is not cured in accordance with the terms of Section 6.4; provided that neither BTG nor BTG Parent is then in breach of this Agreement so as to cause any condition in Section 6.2(b) or Section 6.2(c) not to be satisfied; or

(v) there has occurred after the date hereof a Material Adverse Effect in respect of Africa Oil that is incapable of being cured on or prior to the Closing Time.

(d) This Agreement may be terminated by Africa Oil or ReorgCo prior to the Effective Time if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of BTG or BTG Parent set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.2(b) or Section 6.2(c) not to be satisfied, and such breach is not cured in accordance with the terms of Section 6.4; provided that neither Africa Oil nor ReorgCo is then in breach of this Agreement so as to cause any condition in Section 6.3(b) or Section 6.3(c) not to be satisfied;

(ii) Africa Oil wishes to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 3.3(b)), provided that Section 3.3 has been complied with;

(iii) prior to the Requisite Approval of the Africa Oil Meeting Resolutions having been obtained, Section 3.3 shall have been breached by BTG or BTG Parent or any of their respective Representatives in any material respect;

(iv) the BTG Pre-Closing Reorganization has not been completed prior to the Outside Date; or

(v) there has occurred after the date hereof a Material Adverse Effect in respect of BTG that is incapable of being cured on or prior to the Closing Time.

(e) The Party desiring to terminate this Agreement pursuant to this Section 8.3 shall give written notice of such termination to the Other Parties, specifying in reasonable detail the basis for such Party's exercise of its termination right.

(f) If this Agreement is terminated pursuant to Section 8.2 or Section 8.3, this Agreement shall become null and void and be of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any Other Party hereto, except that:

(i) in the event of termination under Section 8.2 as a result of the Effective Time occurring, the provisions of this Section 8.3(f) and Sections 2.7(f), 2.7(g), 3.1(m), 4.2, 4.3, 4.5, 4.6, 10.7 and 10.8, and all related definitions set forth in Section 1.1 and the applicable interpretation provisions in Article 1 shall survive for a period of six years thereafter (other than Sections 4.2, 4.3, 4.5 and 4.6, which shall survive in accordance with their terms);

(ii) in the event of termination under Section 8.3, the provisions of this Section 8.3(f) and Sections 2.7(f), 2.7(g), 7.1, 10.3(f), 10.7 and 10.8, and all related definitions set forth in Section 1.1, the applicable interpretation provisions in Article 1 shall survive; and

(iii) no Party shall be relieved or released from any liabilities or damages arising out of fraud or of its wilful and material breach of any provision of this Agreement.

ARTICLE 9
NOTICES

9.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by personal delivery, courier, facsimile or email and addressed to:

(a) for BTG and/or BTG Parent:

46A, Avenue J.F. Kennedy,
L-1855 Luxembourg,
Grand Duchy of Luxembourg

Attention: Edwyn Neves / Felipe Giannattasio / Legal Department
E-mail: ***[Redacted – Personal contact information.]***

with a copy to:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Commerce Court West
Toronto, ON, Canada
M5L 1A9

Attention: Richard Turner
Email: richard.turner@blakes.com

-and-

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London, UK EC2A 2EG

Attention: Mark Bardell
Email: mark.bardell@hsf.com

(b) for Africa Oil and/or ReorgCo:

Suite 2500
666 Burrard Street
Vancouver, BC, Canada
V6C 2X8

Attention: Chief Legal Officer & Corporate Secretary
E-mail: ***[Redacted – Personal contact information.]***

with a copy to:

Torys LLP
4600 Eighth Avenue Place East
525 - 8th Avenue S.W.
Calgary, AB, Canada
T2P 1G1

Attention: Janan Paskaran
E-mail: jpaskaran@torys.com

- and-

Bracewell LLP
Tower 42
25 Old Broad Street
London, UK EC2N 1HQ

Attention: Darren Spalding
Email: darren.spalding@bracewell.com

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:30 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by email, on the Business Day following the date of transmission of the email. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

ARTICLE 10
GENERAL

10.1 Binding Effect and Successors

This Agreement becomes effective only when executed by BTG, BTG Parent, Africa Oil and ReorgCo. After that time, it will be binding upon and enure to the benefit of BTG, BTG Parent, Africa Oil and ReorgCo and their respective successors and permitted assigns.

10.2 Assignment

No party to this Agreement may assign any of its rights or obligations under this Agreement without prior written consent of the Other Party; provided that, following the Effective Time, BTG Parent may assign all or part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its affiliates, provided that if such assignment and/or assumption takes place, BTG Parent shall continue to be liable jointly and severally with such affiliate for all of its obligations hereunder.

10.3 Privacy Matters

(a) For the purposes of this Section 10.3, the following definitions shall apply:

(i) "**applicable law**" means, in relation to any Person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives and orders of and the terms of all judgments, orders and decrees issued by any authorized authority by which such Person is bound or having application to the transaction or event in question.

(ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (British Columbia).

(iii) "**authorized authority**" means, in relation to any Person, transaction or event, any: (a) federal, provincial, territorial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign; (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government; (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event.

(iv) "**Personal Information**" means information about an individual transferred to one party by the other in accordance with this Agreement and/or as a condition of the Amalgamation.

(b) The Parties acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(c) Prior to the Effective Time, no Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Amalgamation, and following the Effective Time no Party shall use the Disclosed Personal Information for any purposes other than those for which it was used prior to the Effective Time or as permitted by applicable law.

(d) Each Party acknowledges and confirms that it has and shall continue to employ appropriate physical, technological and organizational security measures to protect the Disclosed Personal Information against loss or theft, or unauthorized access or disclosure.

(e) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a *bona fide* need to access to such information for the purposes described in Section 10.3(c).

(f) Upon the termination of this Agreement, or otherwise upon the reasonable request of any Party, the Other Parties shall forthwith cease all use of the Personal Information acquired by such Other Parties in connection with this Agreement and will return to the requesting Party or, at the requesting Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

10.4 Costs

Except as otherwise provided in this Agreement, all out-of-pocket costs, fees and expenses incurred by a Party in connection with this Agreement or the transactions contemplated by this Agreement, whether prior to or after the Effective Time, shall be paid by the Party incurring such costs, expenses and fees, whether or not the Amalgamation is consummated.

10.5 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

10.6 Further Assurances

Each party hereto shall, from time to time and at all times hereafter, at the request of the Other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.7 No Liability

No director or officer of BTG or BTG Parent shall have any personal liability whatsoever to Africa Oil or ReorgCo under this Agreement, or any other document delivered in connection with the transactions contemplated hereby on behalf of BTG or BTG Parent, as applicable. No director or officer of Africa Oil or ReorgCo shall have any personal liability whatsoever to BTG or BTG Parent under this Agreement, or any other document delivered in connection with the transactions contemplated hereby on behalf of Africa Oil or ReorgCo, as applicable.

10.8 Third Party Beneficiaries

(a) The provisions of Sections 2.7(f), 2.7(g), 4.3, 4.6 and 10.7 are intended for the benefit of all Persons referenced therein, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such Persons and the Person's heirs, executors administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and Africa Oil, with respect to Third Party Beneficiaries related to Africa Oil or ReorgCo, or BTG Parent, with respect to Third Party Beneficiaries related to BTG or BTG Parent, shall hold the rights and benefits thereof in trust for and on behalf of the applicable Third Party Beneficiaries, and Africa Oil and BTG Parent hereby each accept such trust and agree to hold the benefit of and enforce performance of such covenants on behalf of the applicable Third Party Beneficiaries.

(b) Except as provided in this Section 10.8, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

10.9 Governing Law; Service of Process

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia (except those relating to conflict of laws principles). Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against either Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum. Process in any proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 9.1 shall be deemed effective service.

10.10 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

10.11 Entire Agreement

This Agreement, the Investor Rights Agreement, the Confidentiality Agreement and the Clean Team Agreement constitute the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, including for greater certainty the Letter of Intent. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

10.12 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

10.13 Language

The Parties confirm their express wish that this Agreement and all related documents be drafted in the English language. Les parties confirment leur volonté expresse que la présente convention et tous les documents s'y rattachant soient rédigés en langue anglaise.

10.14 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by electronic copies) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed electronic copy of this Agreement, and such executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

* * * * * * * *

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

BTG PACTUAL HOLDING S.A.R.L.

By: ***[Redacted – Signature.]***
Name: ***[Redacted – Personal information.]***
Title: ***[Redacted – Personal information.]***

BTG PACTUAL OIL & GAS S.A.R.L.

By: ***[Redacted – Signature.]***
Name: ***[Redacted – Personal information.]***
Title: ***[Redacted – Personal information.]***

AFRICA OIL CORP.

By: ***[Redacted – Signature.]***
Name: ***[Redacted – Personal information.]***
Title: ***[Redacted – Personal information.]***

AFRICA OIL PAPA CORP.

By: ***[Redacted – Signature.]***
Name: ***[Redacted – Personal information.]***
Title: ***[Redacted – Personal information.]***

APPENDIX "A"
FORM OF AFRICA OIL MEETING RESOLUTIONS

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. Africa Oil Corp. ("**Africa Oil**") is hereby authorized to issue up to an aggregate of 239,828,655 common shares in the capital of Africa Oil in connection with the amalgamation of Africa Oil Papa Corp. ("**ReorgCo**"), a wholly-owned subsidiary of Africa Oil, with BTG Pactual Holding S.A.R.L. ("**BTG**") pursuant to a statutory amalgamation under the *Business Corporations Act* (British Columbia) in accordance with the amalgamation agreement dated June 23, 2024 between Africa Oil, ReorgCo, BTG and BTG Pactual Oil & Gas S.A.R.L. (as it may be amended, modified or supplemented, the "**Amalgamation Agreement**"), as more particularly described in the management information circular of Africa Oil dated **[●]**, 2024.

2. Notwithstanding that this resolution has been passed by shareholders of Africa Oil, the directors of Africa Oil are hereby authorized and empowered, if they decide not to proceed with the aforementioned resolution, to revoke this resolution at any time prior to the closing date of the Amalgamation, without further notice to or approval of the shareholders of Africa Oil.

3. Any director or officer of Africa Oil is hereby authorized, empowered and instructed, acting for, in the name and on behalf of Africa Oil, to execute or cause to be executed, under the seal of Africa Oil or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

APPENDIX "B"
AMALGAMATION APPLICATION

See Attached.

BRITISH COLUMBIA
The Best Place on Earth

Ministry
of Finance
BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria, BC V8W 9V3
Location:
2nd Floor - 940 Blanshard Street
Victoria BC
www.fin.gov.bc.ca/registries

Telephone: 250 356-8626

AMALGAMATION APPLICATION

FORM 13 - BC COMPANY

Sections 275
Business Corporations Act

DO NOT MAIL THIS FORM to the BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FOIPPA): Personal information provided on this form is collected, used and disclosed under the authority of the *FOIPPA* and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Executive Coordinator of the BC Registry Services at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A. INITIAL INFORMATION – *When the amalgamation is complete, your company will be a BC limited company.*

What kind of company(ies) will be involved in the amalgamation?
(Check all applicable boxes.)

☑ BC company

☐ BC unlimited liability company

B. NAME OF COMPANY – *Choose* ***one*** *of the following:*

☐ The name ______________________________ is the name reserved for the amalgamated company. The name reservation number is: ________________, *OR*

☐ The company is to be amalgamated with a name created by adding “B.C. Ltd.” after the incorporation number, *OR*

☑ The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

AFRICA OIL PAPA CORP.

The incorporation number of that company is: BC1488038

Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.

C. AMALGAMATION STATEMENT – *Please indicate the statement applicable to the amalgamation.*

☐ **With Court Approval:**
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

OR

☑ **Without Court Approval:**
This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company’s records office.

D. AMALGAMATION EFFECTIVE DATE – *Choose **one** of the following:*

☑ The amalgamation is to take effect at the time that this application is filed with the registrar.

☐ The amalgamation is to take effect at 12:01 a.m. Pacific Time on ________________ being a date that is not more than ten days after the date of the filing of this application.

☐ The amalgamation is to take effect at _________ ☐ a.m. or ☐ p.m. Pacific Time on __________ being a date and time that is not more than ten days after the date of the filing of this application.

E. AMALGAMATING CORPORATIONS

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

	NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1.	Africa Oil Papa Corp.	BC1488038	
2.	BTG ____________	C____________	
3.			
4.			

F. FORMALITIES TO AMALGAMATION

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

☐ This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

G. CERTIFIED CORRECT – I have read this form and found it to be correct.

This form must be signed by an authorized signing authority for each of the amalgamating companies as set out in Item E.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
1.	X	
2.	X	
3.	X	
4.	X	

NOTICE OF ARTICLES

A. NAME OF COMPANY

Set out the name of the company as set out in Item B of the Amalgamation Application.

AFRICA OIL PAPA CORP.

B. TRANSLATION OF COMPANY NAME

Set out every translation of the company name that the company intends to use outside of Canada.

C. DIRECTOR NAME(S) AND ADDRESS(ES)

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME FIRST NAME MIDDLE NAME	DELIVERY ADDRESS INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ZIP CODE	MAILING ADDRESS INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ZIP CODE
Tucker, Roger	Suite 2500 – 666 Burrard Street Vancouver BC V6C 2X8	Suite 2500 – 666 Burrard Street Vancouver BC V6C 2X8
Kay, Joanna	Suite 2500 – 666 Burrard Street Vancouver BC V6C 2X8	Suite 2500 – 666 Burrard Street Vancouver BC V6C 2X8

D. REGISTERED OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE (INCLUDING BC and POSTAL CODE)

Suite 2500 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE (INCLUDING BC and POSTAL CODE)

Suite 2500 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8

E. RECORDS OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE (INCLUDING BC and POSTAL CODE)

Suite 2500 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE (INCLUDING BC and POSTAL CODE)

Suite 2500 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8

F. AUTHORIZED SHARE STRUCTURE

	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
Identifying name of class or series of shares	MAXIMUM NUMBER OF SHARES AUTHORIZED OR NO MAXIMUM NUMBER	PAR VALUE OR WITHOUT PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	no maximum number	without par value	n/a	No

APPENDIX "C"
AMALCO ARTICLES

See Attached.

BUSINESS CORPORATIONS ACT

ARTICLES

- of -

AFRICA OIL PAPA CORP.

Amalgamation Number: ________________

TABLE OF CONTENTS

BUSINESS CORPORATIONS ACT

ARTICLES

- of -

AFRICA OIL PAPA CORP.

Amalgamation Number: ________________

PART 1 – INTERPRETATION

1.1 **Definitions**. In these Articles, unless the context otherwise requires:

(a) "Board of Directors" or "Board" or "the directors" means the directors or the sole director of the Company for the time being, as the case may be;

(b) "Business Corporations Act" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments to that Business Corporations Act and includes all regulations and amendments made pursuant to that Business Corporations Act;

(c) "Company" means **AFRICA OIL PAPA CORP.** or any other name which it may from time to time change to and adopt pursuant to the Business Corporations Act;

(d) "prescribed address" of a director means the address as recorded in the register of directors to be kept pursuant to the Business Corporations Act;

(e) "registered address" of a shareholder means the last known address of that shareholder as recorded in the central securities register to be kept pursuant to the Business Corporations Act; and

(f) "registered owner", when used with respect to a share of the Company, means the person registered in the central securities register as the shareholder in respect of such share.

1.2 **Business Corporations Act and Interpretation Act Definitions Applicable**. The definitions in the Business Corporations Act and the definitions and rules of construction in the Interpretation Act (British Columbia) as it may be amended (the "**Interpretation Act**"), with the necessary changes and so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the Business Corporations Act and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition in the Business Corporations Act prevails in relation to the use of the term in these Articles. If there is a conflict between these Articles and the Business Corporations Act, the Business Corporations Act prevails.

PART 2 – RESOLUTIONS AND MAJORITIES

2.1 Directors' Resolution. Subject to the Business Corporations Act, the Company may, by a resolution of the directors:

(a) if the special rights and restrictions attached to shares of a class so authorize:

(i) create one or more series of shares out of a class of shares, and when creating shares of such series:

(A) determine the maximum number or determine that there is no maximum number of shares that the Company is authorized to issue for such series of shares created;

(B) create and attach special rights or restrictions to the shares of any such series of shares created; and

(C) create an identifying name for the shares of any such series of shares created;

(ii) for a series of shares of which there are no issued shares:

(A) alter any determination of the number of shares of which the series shall consist;

(B) alter any special rights or restrictions attached to the shares of the series of shares; or

(C) alter the identifying name of shares of the series of shares;

(b) redeem or repurchase shares;

(c) accept a surrender of shares by way of gift or for cancellation;

(d) convert fractional shares into whole shares on a subdivision or consolidation of shares or on a redemption, purchase or surrender of shares;

(e) change its name;

(f) adopt or change a translation of its name;

(g) subdivide all or any of its unissued shares with par value into shares of smaller par value;

(h) subdivide all or any of its unissued shares without par value;

(i) consolidate all or any of its unissued shares with par value into shares of larger par value;

(j) consolidate all or any of its unissued shares without par value;

(k) eliminate any class or series of shares if none of the shares of that class or series of shares are allotted or issued;

(l) change all or any of its unissued shares with par value into shares without par value;

(m) change all or any of its unissued shares without par value into shares with par value; or

(n) alter the identifying name of any of its classes of shares;

and make any necessary alterations to its notice of articles or these Articles or both to effect the change.

2.2 Ordinary Resolution. Subject to the Business Corporations Act, the Company may, by an ordinary resolution:

(a) deal with those matters set out in Article 2.1;

(b) establish a maximum number of shares that the Company is authorized to issue out of any class of shares for which no maximum is established;

(c) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class of shares;

(d) for a class of shares of which there are no issued shares, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of the class of shares; or

(e) for a class of shares of which there are no issued shares, vary or delete any special rights or restrictions attached to the shares of the class of shares;

and make any necessary alterations to its notice of articles or these Articles or both to effect the change.

2.3 Special Resolution. Subject to the Business Corporations Act, the Company may, by a special resolution:

(a) deal with those matters set out in Article 2.1 and Article 2.2;

(b) alter its notice of articles;

(c) alter these Articles;

(d) create one or more classes of shares;

(e) subdivide all or any of its fully paid issued shares with par value into shares of smaller par value;

(f) subdivide all or any of its fully paid issued shares without par value;

(g) consolidate all or any of its fully paid issued shares with par value into shares of larger par value;

(h) consolidate all or any of its fully paid issued shares without par value;

(i) if the Company is authorized to issue shares of a class of shares with par value;

(i) subject to the Business Corporations Act, decrease the par value of those shares, or

(ii) increase the par value of those shares if none of the shares of that class of shares are allotted or issued;

(j) change all or any of its fully paid issued shares with par value into shares without par value;

(k) for a class or series of shares of which there are issued shares, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of the class or series of shares;

(l) for a class or series of shares of which there are issued shares, vary or delete any special rights or restrictions attached to the shares of the class or series of shares; or

(m) otherwise alter its authorized share structure when required or permitted to do so by the Business Corporations Act.

2.4 **Special Majority**. The majority of votes required for the Company to pass a special resolution at a general meeting is 2/3 of the votes cast on the resolution by shareholders voting shares that carry the right to vote at general meetings.

2.5 **Special Separate Majority**. The majority of votes required to pass a special separate resolution at a class meeting is 2/3 of the votes cast on the resolution by shareholders voting shares that carry the right to vote at the class meeting.

2.6 **Consent Resolution**. A consent resolution in writing, whether by signed documents, fax, e-mail or any other method of transmitting legibly recorded messages, of shareholders or directors or a committee of directors is as valid as if it had been passed at a duly called and held meeting of the shareholders, directors or committee, as the case may be. The consent resolution may be executed in any number of counterparts, each of which when executed and delivered (by fax, email or otherwise) is deemed to be an original, and all of which together constitute one consent resolution in writing.

PART 3 – SHARE CERTIFICATES

3.1 **Mailing of Certificates**. Any share certificate may be mailed by registered mail, postage prepaid, to the shareholder entitled to that certificate at that shareholder's registered address and the Company is not liable for any loss occasioned to the shareholder if that share certificate is lost or stolen. In respect of a share held jointly by several persons, mailing of a certificate for that share to one of several joint holders or to a duly authorized agent of any of the joint holders is sufficient delivery to all.

3.2 **Replacement of Lost or Destroyed Certificate**. If a share certificate:

(a) is worn out or defaced, the directors may, upon production to them of that certificate and upon such other terms, if any, that they determine, order the certificate to be cancelled and issue a new certificate to replace the cancelled certificate;

(b) is lost, stolen or destroyed, then upon production of proof to the satisfaction of the directors and upon provision of such indemnity and security, if any, that the directors deem adequate, a new share certificate must be issued to the person entitled to the lost, stolen or destroyed certificate.

3.3 **Consolidation of Certificates**. If two or more certificates are surrendered by their registered owner to the Company together with a written request that the Company issue one certificate registered in that registered owner's name representing the aggregate of the shares represented by the certificates so surrendered, the Company must cancel the certificates so surrendered and issue in their place one certificate in accordance with the request.

3.4 Fee for Certificates. There must be paid to the Company in respect of the issue of any certificate pursuant to this Part 3 such amount, if any, as the directors may from time to time determine and which must not exceed the amount prescribed in the Business Corporations Act.

3.5 Non-Recognition of Trusts. Except as required by law or statute or these Articles, no person is recognized by the Company as holding any share upon any trust and the Company is not bound by or compelled in any way to recognize (even when having notice of any trust) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety in the shareholder.

3.6 Central Securities Register. As required by and subject to the Business Corporations Act, the Company must maintain in British Columbia a central securities register. The directors may, subject to the Business Corporations Act, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

PART 4 – ISSUE, TRANSFER AND TRANSMISSION OF SHARES

4.1 Directors Authorized to Issue Shares. Subject to special rights and restrictions that may be attached to any class of shares of the Company, the issue of shares is under the control of the directors who may issue, otherwise dispose of or grant options on shares authorized but not yet issued at any time, to any person including a director, in the manner, upon the terms and conditions and at the price or for the consideration as the directors, in their absolute discretion, may determine.

4.2 Transferability and Instrument of Transfer. Subject to the restrictions, if any, set forth in these Articles, any shareholder may transfer that shareholder's shares by an instrument in writing executed by or on behalf of that shareholder and delivered to the Company or its transfer agent. The instrument of transfer of any share of the Company must be in the form, if any, provided on the back of the Company's form of share certificate or in any other form which the directors may approve. If the directors so require, each instrument of transfer must be in respect of only one class of shares.

4.3 Submission of Instruments of Transfer. Every instrument of transfer must be executed by the transferor and provided to the Company or the office of its transfer agent or registrar for registration together with the share certificate for the shares to be transferred and such other evidence, if any, as the directors or the transfer agent or registrar may require to prove the title of the transferor or the transferor's right to transfer the shares. If the transfer is registered, the instrument of transfer must be retained by the Company or its transfer agent or registrar. If the transfer is not registered, the instrument of transfer must be returned to the person depositing it together with the share certificate that accompanied it when tendered for registration.

4.4 Authority in Instrument of Transfer. The signature of a shareholder or of that shareholder's duly authorized attorney on the instrument of transfer authorizes the Company to register the shares specified in the instrument of transfer in the name of the person named in that instrument of transfer as transferee or, if no person is so named, in any name designated in writing by the person depositing the share certificate and the instrument of transfer with the Company or its transfer agent or registrar.

4.5 **Enquiry as to Title Not Required**. Neither the Company nor any of its directors, officers or agents is bound to enquire into any title of the transferor of any shares to be transferred and none of them is liable to any person for registering the transfer.

4.6 **Transfer Fee**. There must be paid to the Company in respect of the registration of any transfer such amount, if any, as the directors may from time to time prescribe.

4.7 **Personal Representative Recognized**. Upon the death or bankruptcy of a shareholder, that shareholder's legal personal representative or trustee in bankruptcy, although not a shareholder, has the same rights, privileges and obligations that attach to the shares formerly held by the deceased or bankrupt shareholder if the documents required by the Business Corporations Act have been deposited at the Company's registered office. This Article does not apply on the death of a shareholder with respect to shares registered in that shareholder's name and the name of another person in joint tenancy.

4.8 **Jointly Held Shares**. If there are joint shareholders in respect of a share:

(a) in the case of the bankruptcy of one of the joint shareholders, the trustee in bankruptcy of the bankrupt shareholder and the remaining joint shareholder or shareholders are the only persons recognized by the Company as having any title to or interest in the share so held jointly; and

(b) in the case of the death of one of the joint shareholders, the surviving joint shareholder or shareholders are the only persons recognized by the Company as having any title to or interest in the share so held jointly.

PART 5 – PURCHASE OF SHARES

5.1 **Company Authorized to Purchase its Shares**. Subject to the provisions of this Part 5, the Business Corporations Act and the special rights and restrictions attached to any class of shares, the Company may, by a resolution of the directors:

(a) purchase any of its shares at the price and upon the terms specified in that resolution; and

(b) sell any of its shares so purchased but not cancelled at the price and upon the terms specified in that resolution.

PART 6 – BORROWING POWERS

6.1 **Powers of Directors**. Subject to the Business Corporations Act, the directors may from time to time at their discretion authorize the Company to:

(a) borrow any amount of money;

(b) guarantee the repayment of any amount of money borrowed by any person or corporation; and

(c) guarantee the performance of any obligation of any person or corporation;

and may raise or secure the repayment of any amount of money so borrowed or guaranteed or any obligation so guaranteed in any manner and upon any terms and conditions as they may think fit and in particular and without limiting the generality of the foregoing by the issue of bonds, debentures or other debt obligations or by the granting of any mortgages or other security interest on the undertaking of the whole or any part of the property of the Company, both present and future.

6.2 **Negotiability of Debt Obligations**. The directors may make any bonds, debentures or other debt obligations issued by the Company by their terms assignable free from any equities between the Company and the person to whom they may be issued or any other person who lawfully acquires them by assignment, purchase or otherwise.

6.3 **Special Rights on Debt Obligations**. The directors may authorize the issue of any bonds, debentures or other debt obligations of the Company at a discount, premium or otherwise and with special or other rights or privileges as to redemption, surrender, drawings, allotment of or conversion into or exchange for shares, attending at general meetings of the Company and otherwise as the directors may determine at or before the time of issue.

6.4 **Execution of Debt Obligations**. If the directors so authorize or if any instrument under which any bonds, debentures or other debt obligations of the Company are issued so provides, any bonds, debentures and other debt obligations of the Company, instead of being manually signed by the directors or officers authorized in that behalf, may have the facsimile signatures of those directors or officers printed or otherwise mechanically reproduced thereon, and in either case is as valid as if signed manually, and every bond, debenture or other debt obligation so bearing facsimile signatures of directors or officers of the Company must be manually signed, countersigned or certified by or on behalf of a registrar, branch registrar, transfer agent or branch transfer agent of the Company duly authorized to do so by the directors or the instrument under which such bonds, debentures or other debt obligations are issued. Notwithstanding that any person whose facsimile signature is so used has ceased to hold the office that he or she is stated on any bond, debenture or other debt obligation to hold at the date of the actual issue of that bond, debenture or other debt obligation, the bond, debenture or other debt obligation is valid and binding on the Company.

PART 7 – GENERAL MEETINGS

7.1 **Location of General Meetings**. Every general meeting must be held at such time and location as the directors may determine.

7.2 **General Meeting Participation**. A shareholder or proxy holder who is entitled to participate in, including vote at, a meeting of shareholders may do so by video conference or telephone if all shareholders and proxy holders participating in the meeting, whether by video conference, telephone or in person, are able to communicate with each other. If all shareholders or proxy holders who are entitled to participate in, including vote at, a meeting consent, a shareholder or proxy holder may participate in the meeting by a communications medium other than video conference or telephone if all shareholders and proxy holders participating in the meeting are able to communicate with each other. A shareholder or proxy holder who participates in a meeting by a communications medium other than video conference or telephone is deemed to have agreed to participate by the other communications medium. A shareholder or proxy holder who participates in a meeting by video conference, telephone or other communications medium is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and must be counted in the quorum for and is entitled to communicate and vote at that meeting, and the meeting is deemed to be held at the location specified in the notice of meeting.

7.3 **Notice of General Meetings**. Notice of a general meeting must specify the time and location of the meeting and, in case of special business (as described in Part 8), the general nature of that business.

7.4 **Waiver of Notice**. Any person entitled to notice of a general meeting may waive or reduce the period of notice for that meeting in writing or otherwise and may do so before, during or after the meeting.

7.5 **Record Date for Notice**. The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months.

7.6 **Failure to Give Notice**. The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting.

7.7 **Notice of Special Business at General Meeting**. If any special business includes the presenting, considering, approving, ratifying or authorizing the execution of any document, then the portion of any notice relating to that document is sufficient if it states that a copy of the document or proposed document is or will be available for inspection by shareholders at a place in the Province of British Columbia specified in that notice during business hours in any working day or days prior to the date of the meeting.

PART 8 – PROCEEDINGS AT GENERAL MEETINGS

8.1 **Special Business**. All business at a general meeting is deemed to be special business except the consideration of the financial statements and the reports of the directors and auditors, the election of directors, appointment of auditors and such other business as under these Articles ought to be transacted at an annual general meeting or any business which is brought under consideration by the report of the directors.

8.2 **Quorum**. Subject to this Part 8, a quorum for a general meeting is two individuals who are shareholders, proxy holders representing shareholders or duly authorized representatives of corporate shareholders personally present and representing shares aggregating not less than 10% of the issued shares of the Company carrying the right to vote at that meeting. In the event there is only one shareholder, the quorum is one person personally present and being, or representing by proxy, that shareholder, or in the case of a corporate shareholder, a duly authorized representative of that shareholder.

8.3 **Requirement of Quorum**. No business other than the election of a chair and the adjournment or termination of the meeting may be transacted at any general meeting unless a quorum is present at the commencement of the meeting but the quorum need not be present throughout the meeting.

8.4 **Lack of Quorum**. If within 30 minutes from the time appointed for a meeting a quorum is not present, the meeting:

(a) if convened by requisition of the shareholders, must be terminated; and

(b) in any other case, must stand adjourned to the same day in the next week at the same time and place.

If at the adjourned meeting a quorum is not present within 30 minutes from the time appointed, the shareholder or shareholders present in person, by proxy or by authorized representative is or are a quorum.

8.5 **Chair**. The chair of the Board, if any, or in his or her absence the President, if any, is entitled to act as chair at every general meeting. If at any general meeting the chair of the Board, if any, and the President, if any, are not present within 15 minutes after the time appointed for holding the meeting or if neither is willing to act as chair, the directors present must choose one of their number to act as chair. If no director is present or if all the directors present decline to act as chair or fail to so choose, the persons present must choose one of their number to act as chair.

8.6 **Adjournments**. The chair of the meeting may, with the consent of any meeting at which a quorum is present and must, if so directed by the meeting, adjourn the meeting from time to time and from place to place. No business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. If a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of a general meeting. It is otherwise not necessary to give any notice of an adjourned meeting or of the business to be transacted at any adjourned meeting.

8.7 **Voting**. Every question submitted to a general meeting must be decided:

(a) if a ballot is demanded by a shareholder or proxy holder entitled to vote at the meeting or is directed by the chair, by ballot; or

(b) in any other case, by a show of hands or by any other manner that adequately discloses the intentions of the shareholders or proxy holders.

The chair must declare to the meeting the decision on every question in accordance with the result of the ballot, the show of hands or the other manner that adequately disclosed the intentions of the shareholders or proxy holders and that decision must be entered in the minute book of the Company. A declaration of the chair that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the minute book of the Company is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

8.8 **Resolution Need Not Be Seconded**. No resolution proposed at a meeting need be seconded and the chair of any meeting is entitled to move or second a resolution.

8.9 **Casting Vote**. In case of an equality of votes upon a resolution, whether on a show of hands or by ballot or any other manner, the chair does not have a casting vote in addition to the vote or votes to which he or she may be entitled as a shareholder.

8.10 **Manner of Taking Ballot**. If a ballot is duly demanded, it must be taken at once or in the manner the chair of the meeting directs. A demand for a ballot may be withdrawn. In the case of any dispute as to the admission or rejection of a vote the chair must conclusively determine whether that vote is admitted or rejected.

8.11 **Splitting Votes**. On a ballot, a shareholder entitled to more than one vote need not, if that shareholder votes, use all that shareholder's votes or cast all the votes that shareholder uses in the same way.

8.12 **Demand for Ballot Not to Prevent Continuance of Meeting**. The demand for a ballot does not prevent the continuance of a meeting for the transaction of any business other than the question on which a ballot has been demanded.

8.13 **Retention of Ballots and Proxies**. The Company must, for at least three months after a meeting of shareholders, keep each ballot cast and each proxy voted at the meeting and, during the period, make them available for inspection during statutory business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of the three-month period, the Company may destroy such ballots and proxies.

PART 9 – VOTES OF SHAREHOLDERS

9.1 **Number of Votes Per Share or Shareholder**. Subject to any special rights or restrictions attached to any share contained in these Articles, on a show of hands every shareholder entitled to vote present in person, by proxy or by authorized representative has one vote and on a ballot every shareholder entitled to vote on that ballot has one vote for every whole share held by that shareholder and a fractional vote in proportion to any fraction of a share held by that shareholder.

9.2 **Votes of Persons in Representative Capacity**. A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a ballot, and may appoint a proxy holder to act at the meeting if, before doing so, the person satisfies the chair of the meeting or the directors that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

9.3 **Votes by Joint Holders**. If there are joint shareholders registered in respect of any share, any one of the joint shareholders may vote at any meeting in person, by proxy or by authorized representative in respect of the share as if that joint shareholder were solely entitled to it. If more than one of the joint shareholders is present at any meeting in person, by proxy or by authorized representative, the joint shareholder so present whose name stands first on the central securities register in respect of the share is alone entitled to vote in respect of that share. For the purpose of this Part 9, two or more executors or administrators of a deceased shareholder in whose sole name any share stands are deemed joint shareholders.

9.4 **Representative of a Corporate Shareholder**. If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint, by an instrument in writing, a person to act as its authorized representative at any meeting of shareholders of the Company, and:

(a) for that purpose, the instrument appointing the authorized representative must:

(i) be received at the registered office of the Company, or at any other place specified in the notice calling the meeting for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, not less than 48 hours before the time for holding the meeting; or

(ii) be deposited with the chair of the meeting, or to a person designated by the chair of the meeting, prior to the commencement of the meeting;

(b) if an authorized representative is appointed under this Part 9:

(i) the authorized representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the authorized representative represents as that corporation could exercise if it were a shareholder who is an individual including, without limitation, the right to appoint a proxy holder; and

(ii) the authorized representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

An instrument appointing an authorized representative of a corporation must be in writing signed by a duly authorized person on behalf of that corporation and must be sent to the Company.

9.5 **Appointment of Proxy Holders**. A shareholder holding more than one share in respect of which that shareholder is entitled to vote at a general meeting is entitled to appoint one or more proxy holders to attend, act and vote for that shareholder at the general meeting and in so doing that shareholder must specify the number of shares that each proxy holder is entitled to vote.

9.6 **Execution of Proxy Instrument**. A proxy must be in writing signed by the appointor or the appointor's attorney or, if the appointor is a corporation, by the authorized representative or a duly authorized person on behalf of that corporation.

9.7 **Qualification of Proxy Holder**. A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(a) the person appointing the proxy holder is a corporation or an authorized representative of a corporation appointed under this Part 9;

(b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or

(c) the Company, by a resolution of the directors, permits the proxy holder to attend and vote at the meeting.

9.8 **Deposit of Proxy**. A proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or other authority must be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice calling the meeting not less than 48 hours before the time for holding the meeting at which the person named in the proxy proposes to vote or must be deposited with the chair of the meeting, or with a person designated by the chair of the meeting, prior to the commencement of the meeting. In addition to any other method of depositing proxies provided for in these Articles, the directors may from time to time make regulations:

(a) permitting the depositing of proxies at some place or places other than the place at which a meeting or adjourned meeting of shareholders is to be held;

(b) providing for particulars of those proxies to be sent in writing or by fax, e-mail, internet, telephone communications or any other method of transmitting legibly recorded messages before a meeting or an adjourned meeting to the Company or any agent of the Company for the purpose of receiving those particulars; and

(c) providing that particulars of those proxies may be voted as though the proxies themselves were produced to the chair of the meeting or of the adjourned meeting as required by these Articles.

Votes given in accordance with proxies and particulars of proxies so deposited are valid and counted.

9.9 **Validity of Proxy Vote**. A vote given in accordance with the terms of a proxy is valid notwithstanding the previous death, bankruptcy or incapacity of the shareholder or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that prior to the meeting no notice in writing of such death, bankruptcy, incapacity, revocation or transfer has been received at the registered office of the Company or by the chair of the meeting or of the adjourned meeting at which the vote was given.

9.10 **Form of Proxy**. A proxy appointing a proxy holder must be in the following form or in any other form that the directors approve:

(Name of Company)

The undersigned hereby appoints ____
____________________ or failing him or her ____________________________________
____
as proxy holder for the undersigned to attend at and vote for and on behalf of the undersigned at the general meeting of the Company to be held on the ____ day of _______________, ____, and at any adjournment of that meeting.

Signed this ____ day of _______________, ____.

____
(Signature of Shareholder)

9.11 **Revocation of Proxy**. Subject to this Part 9, every proxy may be revoked by an instrument in writing that is received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used or deposited with the chair of the meeting, or with a person designated by the chair of the meeting, prior to the commencement of the meeting.

9.12 **Revocation of Proxy Will Be Signed**. An instrument to revoke a proxy must be signed as follows:

(a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by a duly authorized person on behalf of the corporation or by the authorized representative appointed for the corporation under this Part 9.

PART 10 – DIRECTORS

10.1 **General Authority**. Subject to these Articles, the directors may exercise all powers and do all acts and things as the Company is by the Business Corporations Act, these Articles or otherwise authorized to exercise and do and which are not by these Articles, by statute or otherwise lawfully directed or required to be exercised or done by the Company by unanimous resolution, exceptional resolution, special resolution or ordinary resolution.

10.2 **Number of Directors**. The number of directors may be determined by ordinary resolution. The number of directors may be changed from time to time by ordinary resolution whether previous notice of that ordinary resolution has been given or not. If at any time the Company becomes a public company and the number of directors fixed pursuant to these Articles is less than three, then the number of directors is deemed to have been increased to three.

10.3 Directors' Acts Valid Despite Vacancy. An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

10.4 Qualification of Directors. A director is not required to hold a share in the capital of the Company as qualification for his or her office, but must be qualified as required by the Business Corporations Act to become, act or continue to act as a director.

10.5 Remuneration and Expenses of Directors. The remuneration of the directors as such may from time to time be determined by the directors. Any remuneration of a director is in addition to any salary or other remuneration paid to him or her as an officer or employee of the Company. Every director must be repaid such reasonable expenses as he or she may incur in and about the business of the Company. Other than remuneration for professional services described in this Part 10, if any director performs any services for the Company that in the opinion of the directors are outside the ordinary duties of a director or if he or she is specifically occupied in or about the Company's business other than as a director, he or she may be paid a remuneration to be fixed by the directors. The remuneration so fixed may be either in addition to or in substitution for any other remuneration that he or she may be entitled to receive and the additional remuneration may be charged as part of ordinary working expenses of the Company. Unless otherwise determined by ordinary resolution, the directors may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company, to his or her spouse or dependants and they may also make any contributions to any fund and pay premiums for the purchase or provision of any gratuity, pension or allowance in respect of that director.

10.6 Right to Office and Contract with Company. A director may hold any office or place of profit in the Company, other than auditor, in conjunction with his or her office of director for the period and on such terms as the directors may determine. Subject to compliance with the Business Corporations Act, no director or intended director is disqualified by his or her office from contracting with the Company with regard to his or her tenure of office or place of profit or as vendor, purchaser or otherwise.

10.7 Director Acting in Professional Capacity. Any director may act by him or herself or his or her firm in a professional capacity for the Company and he or she or his or her firm is entitled to remuneration for professional services as if he or she were not a director.

10.8 Alternate Directors. Any director may from time to time appoint any person who is approved by resolution of the directors to be his or her alternate director provided that approval is not required if a director is appointed alternate director for another director. The appointee, while he or she holds office as an alternate director, is entitled to notice of meetings of the directors and, in the absence of the director for whom he or she is an alternate, to attend and vote at meetings as a director and is not entitled to be remunerated otherwise than out of the remuneration of the director appointing him or her. Any director may make or revoke an appointment of his or her alternate director by notice in writing sent to the Company. A person may act as an alternate for more than one director at any given time and a director may act as an alternate director for any other director. No person may act as an alternate director unless that person qualifies under the Business Corporations Act to act as a director of the Company. Every alternate director, if authorized by the notice appointing him or her, may sign any consent resolution in place of the director appointing him or her.

PART 11 – ELECTION, APPOINTMENT AND REMOVAL OF DIRECTORS

11.1 Election and Appointment. The shareholders may elect or appoint directors at any time and from time to time.

11.2 Elections and Appointments at Annual General Meetings. At each annual general meeting, all the directors retire and the shareholders must elect or appoint a Board of Directors consisting of the number of directors for the time being fixed pursuant to Part 10. Any retiring director is eligible for re-election or re-appointment. If the holding of an annual general meeting of the Company is deferred or waived by a unanimous resolution of all shareholders entitled to vote at the annual general meeting, each director in office on the annual reference date selected in the unanimous resolution continues to be a director until the next annual reference date unless that director retires or is removed prior to the next annual reference date.

11.3 Filling a Casual Vacancy. The directors may at any time and from time to time appoint any person as a director to fill a casual vacancy among the directors or a vacancy resulting from an increase of the number of directors.

11.4 Power to Appoint Additional Directors. Between successive annual general meetings, the directors have the power to appoint one or more additional directors but not more than one-third the number of directors elected or appointed at the last annual general meeting at which directors were elected or appointed. Any director so appointed may hold office only until the next following annual general meeting of the Company but is eligible for election at such meeting and, so long as he or she is an additional director, the number of directors is increased accordingly.

11.5 Removal of Directors. If a director is convicted of an indictable offence or ceases to be qualified to act as a director of the Company and does not promptly resign, the Company may remove the director before the expiration of the director's term of office by a resolution of the directors. The Company may otherwise remove a director before the expiration of the director's term of office by a special resolution of the shareholders.

PART 12 – PROCEEDINGS OF DIRECTORS

12.1 Meetings and Quorum. The directors may hold meetings as they think fit for the dispatch of business and may adjourn and otherwise regulate their meetings and proceedings as they think fit. The directors may from time to time fix the quorum necessary for the transaction of business and unless so fixed the quorum is a majority of the Board.

12.2 Chair. The chair of the Board, if any, of the Company is entitled to act as chair of every meeting of the Board but if at any meeting the chair of the Board, if any, is not present within 15 minutes after the time appointed for holding the meeting, or if the chair of the Board is not willing to act as chair, the directors present must choose one of their number to act as chair.

12.3 Call and Notice of Meetings. A director may at any time call a meeting of the directors. Notice specifying the time and place of that meeting may be personally given or sent to each director and must be given at least 48 hours before the time appointed for holding the meeting or such lesser time as may be reasonable under the circumstances. It is not necessary to give to any director notice of a meeting of directors immediately following a general meeting at which that director has been elected or notice of a meeting of directors at which that director was appointed.

12.4 Validity of Meeting Despite Failure to Give Notice. The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director does not invalidate any proceedings at that meeting.

12.5 Meeting Participation. A director may participate in a meeting of the directors or of any committee of the directors by video conference or telephone if all directors participating in the meeting, whether by video conference or telephone or in person, are able to communicate with each other. If all the directors consent, a director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than video conference or telephone if all directors participating in the meeting are able to communicate with each other. A director who participates in a meeting by a communications medium other than video conference or telephone is deemed to have agreed to participate by the other communications medium. A director who participates in a meeting by video conference, telephone or other communications medium is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and must be counted in the quorum for and is entitled to communicate and vote at that meeting.

12.6 Competence of Quorum. The directors at a meeting at which a quorum is present are competent to exercise all or any of the authorities, powers and discretions for the time being vested in or exercisable by the directors.

12.7 Committees. The directors may from time to time by resolution constitute, dissolve or reconstitute standing committees and other committees consisting of such persons as the directors may determine. Every committee so constituted has the authorities, powers and discretions that may be delegated to it by the directors and must act in accordance with any regulations that the directors may impose upon it.

12.8 Validity of Meeting if Directorship Deficient. All acts done by any director or by any member of a committee constituted by the directors, notwithstanding that it is discovered afterwards that there was some defect in the appointment of any person so acting or that he or she was disqualified, are valid.

12.9 Majority Rule and Casting Vote. Questions arising at any meeting of the directors must be decided by a majority of votes. In the case of an equality of votes, the chair does not have a casting vote.

PART 13 – OFFICERS

13.1 Appointment of Officers. The directors may appoint officers of the Company and may specify their duties. Any individual may be appointed to any office of the Company. Two or more offices of the Company may be held by the same individual.

PART 14 – DIVIDENDS

14.1 Declaration of Dividends. Subject to the Business Corporations Act and the rights, if any, of shareholders holding shares with special rights and restrictions, the directors may declare dividends and fix the date of record and the date for payment of any dividend. No date of record for any dividend may precede the date of payment of that dividend by more than the maximum number of days permitted by the Business Corporations Act. No notice need be given of the declaration of any dividend. If no valid date of record is fixed, the date of record is deemed to be the same date as the date of payment of the dividend.

14.2 Dividend Bears No Interest. No dividend may bear interest against the Company.

14.3 Payment in Specie. The directors may direct payment of any dividend wholly or partly by the distribution of specific assets or of paid-up shares or bonds, debentures or other debt obligations of the Company, or in any one or more of those ways, and if any difficulty arises in regard to the distribution the directors may settle the difficulty as they think fit. The directors may fix the value for distribution of specific assets and may vest any of those specific assets in trustees upon such trusts for the persons entitled to those specific assets as the directors think fit.

14.4 Fractional Interests. Notwithstanding the provisions of this Part 14, if any dividend results in any shareholder being entitled to a fraction of a share, bond, debenture or other debt obligation of the Company, the directors may pay that shareholder the cash equivalent in place of that fraction of a share, bond, debenture or other debt obligation. The directors may arrange through a fiscal agent or otherwise for the sale, consolidation or other disposition of fractions of shares, bonds, debentures or other debt obligations of the Company on behalf of shareholders entitled to them.

14.5 **Payment of Dividends**. Any dividend payable in cash by the Company may be paid by cheque mailed to the registered address of the shareholder or in the case of joint shareholders to the registered address of the joint shareholder first named in the central securities register or to such person or to such address as any shareholder may direct in writing. Every cheque must be made payable to the order of the person to whom it is sent and in the case of joint shareholders to those joint shareholders.

14.6 **Receipt by Joint Shareholders**. If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

PART 15 – ACCOUNTING RECORDS AND AUDITORS

15.1 **Accounts to be Kept**. The directors must cause accounting records to be kept as necessary to properly record the financial affairs and condition of the Company and to comply with the provisions of statutes applicable to the Company.

15.2 **Location of Accounts**. The directors must determine the place at which the accounting records of the Company must be kept and those records must be open to the inspection of any director during the statutory business hours of the Company.

15.3 **Remuneration of Auditors**. The directors may set the remuneration of any auditor of the Company.

PART 16 – SENDING OF RECORDS

16.1 **Manner of Sending Records**. Unless the Business Corporations Act requires otherwise, a record may be sent:

(a) to the Company by delivery or mail to the Company at the delivery address or mailing address of its registered office or by fax or e-mail to a fax number or e-mail address specified by the Company for that purpose;

(b) to a director by delivery or mail to the director at the prescribed address of that director or by fax or e-mail to the fax or e-mail address specified for that purpose by the director;

(c) to a shareholder by delivery or mail to the shareholder at the registered address of that shareholder or by fax or e-mail to the fax or e-mail address specified for that purpose by the shareholder; or

(d) to the person entitled to a share as a result of the death, bankruptcy or incapacity of a shareholder by delivery or mail or by fax or e-mail to that person at the address specified for that purpose by the person so entitled and until that address, fax number or e-mail address has been so specified, the record may be sent in any manner in which it might have been sent if the death, bankruptcy or incapacity had not occurred.

16.2 Sending to Joint Holders. A record may be sent by the Company to joint shareholders in respect of a share registered in their names by sending the record to the joint shareholder first named in the central securities register in respect of that share.

16.3 Date Record Deemed Received. If a record is sent by mail, postage prepaid, that record is deemed to have been received on the day, Saturdays, Sundays and holidays excepted, following the date of mailing. If a record is sent by fax, e-mail or any other manner of transmitting visually recorded messages, that record is deemed to have been received on the day it is sent if received before or during statutory business hours that day and is deemed to have been received on the day, Saturdays and holidays excepted, following the date it is sent if received after statutory business hours or on a Saturday or holiday.

PART 17 – NOTICES

17.1 Minimum Number of Days. Notice of a general meeting must be sent to all shareholders holding shares that carry the right to vote at general meetings at least 14 days before the general meeting. Notice of a class or series meeting must be sent to all shareholders holding shares of that class or series at least 14 days before the class or series meeting.

17.2 Persons to Receive Notice. Notice of every general meeting must be sent to:

(a) every shareholder holding a share or shares carrying the right to vote at that meeting on the record date or, if no record date was established by the directors, on the date the notice is sent;

(b) the personal representative of a deceased shareholder if entitled to notice by the Business Corporations Act;

(c) the trustee in bankruptcy of a bankrupt shareholder if entitled to notice by the Business Corporations Act;

(d) every director; and

(e) the auditor, if any.

No other person is entitled to receive notices of general meetings.

17.3 Sending of Notice. Any notice required or permitted by the Business Corporations Act, the regulations or these Articles to be sent by or to a person may be sent in any manner prescribed for the sending of a record by the Business Corporations Act, the regulations or these Articles and the provisions of sections 6 and 7 of the Business Corporations Act shall apply to such notice as if such notice were a record as defined in the Interpretation Act.

PART 18 - EXECUTION OF DOCUMENTS

18.1 Seal Optional. The directors may provide a common seal for the Company and may provide for its use. The directors have the power to destroy the common seal and may provide a new common seal.

18.2 Official Seal. The directors may provide for use in any other province, state, territory or country an official seal that must have on its face the name of the province, state, territory or country where it is to be used.

18.3 Affixing of Seal to Documents. The directors must provide for the safe custody of each of the Company's seals, if any, which shall not be affixed to any instrument except by the authority of a resolution of the directors and by such person or persons as may be prescribed in and by that resolution and the person or persons so prescribed must sign every instrument to which the seal of the Company is affixed in his, her or their presence, provided that a resolution directing the general use of a seal, if any, may at any time be passed by the directors and applies to the use of that seal until countermanded by another resolution of the directors. In the absence of any resolution so authorizing the use of any seal, any seal of the Company may be affixed to any document that requires the seal of the Company in the presence of all the directors.

PART 19 – INDEMNIFICATION

19.1 Definitions. In this Part 19:

(a) "associated corporation" means a corporation or entity that:

(i) is or was an affiliate of the Company;

(ii) is a corporation, other than the Company, for which the eligible party is or was a director, alternate director or officer, at the request of the Company; or

(iii) is a partnership, trust, joint venture or other unincorporated entity for which the eligible party holds or held a position equivalent to that of a director or officer at the request of the Company;

(b) "eligible party" means a person who is or was a director, alternate director or officer of the Company;

(c) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(d) "eligible proceeding" means a proceeding in which an eligible party or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director, alternate director or officer or holding or having held a position equivalent to that of a director, alternate director or officer of the Company or an associated corporation:

(i) is or may be joined as a party; or

(ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(e) "expenses" includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding; and

(f) "proceeding" includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

19.2 Mandatory Indemnification of Eligible Parties. To the extent the Company is not so prohibited by the Business Corporations Act, the Company must indemnify each eligible party and the heirs and legal personal representatives of each eligible party against all eligible penalties to which each eligible party is or may be liable, and the Company must, after the final disposition of an eligible proceeding pay the expenses actually and reasonably incurred by each eligible party in respect of that proceeding. Each eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this Part 19.

19.3 **Non-Compliance with Business Corporations Act**. The failure of each eligible party to comply with the Business Corporations Act or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

19.4 **Advance Expenses**. Unless prohibited by applicable law or court order, the Company must pay, as they are incurred, in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party in respect of the eligible proceeding provided that the Company shall not make such payments unless the Company first receives from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited by applicable law, the eligible party must repay the amounts advanced.

19.5 **Indemnity Restricted**. Despite any other provision of this Part 19, the Company is not obliged to make any payment that is prohibited by the Business Corporations Act or by court order in force at the date the payment is made.

19.6 **Company May Purchase Insurance**. The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(a) is or was serving as a director, alternate director or officer of the Company;

(b) is or was serving as a director, alternate director or officer of any associated corporation; or

(c) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity against any liability incurred by him or her in such equivalent position.

PART 20 – RESTRICTION ON SECURITY TRANSFERS

20.1 **Application**. This Part does not apply to the Company if and for so long as it is a public company.

20.2 **Directors May Decline to Approve Transfer**. No security of the Company, other than a non-convertible debt security, may be sold, transferred or otherwise disposed of without the approval of the directors. Notwithstanding anything contained in these Articles, the directors may in their absolute discretion decline to approve any sale, transfer or other disposition of a security of the Company (other than non-convertible debt security) or to approve the registration of the transfer of such a security of the Company in the central securities register or other registers of the Company and the directors are not required to disclose their reasons for declining approval.

PART 21 – AUTHORIZED SHARE STRUCTURE

21.1 **Described in Notice of Articles**. The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

PART 22 – RESTRICTIONS ON BUSINESS OR POWERS

22.1 **No Restrictions**. There are no restrictions on the business to be carried on or the powers to be exercised by the Company.

Full name and signature of a director	**Date of signing**
_______________________________________ Name:	June ____, 2024

APPENDIX "D"
REGULATORY APPROVALS

Nigeria

Written consent of the Minister of Petroleum Resources of Nigeria to the indirect assignment of the Prime Subsidiaries' 8% participating interest in Petroleum Mining Lease 52 and 32% participating interest in Petroleum Mining Leases 2, 3 and 4 and Petroleum Prospecting Licence 261 as contemplated by this Agreement.

All mandatory merger control filings and notifications in respect of the Amalgamation having been made to Federal Competition and Consumer Protection Commission ("**FCCPC**") and all approvals and clearances in respect of the Amalgamation having been obtained from FCCPC (or deemed to have been obtained by operation of Law).

SCHEDULE B
INVESTOR RIGHTS AGREEMENT

(see attached)

INVESTOR RIGHTS AGREEMENT

THIS AGREEMENT made the 23rd day of June, 2024,

BETWEEN:

BTG PACTUAL OIL & GAS S.A.R.L., a Luxembourg private limited liability company (société à responsabilité limitée), having its registered office address at 46A, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under the number B178407

(hereinafter referred to as the "**Investor**"),

\- and -

AFRICA OIL CORP., a corporation existing under the laws of the Province of British Columbia

(hereinafter referred to as the "**Company**"),

WHEREAS pursuant to the amalgamation agreement dated the date hereof between the Company, its Affiliate, the Investor and its Affiliate (the "**Amalgamation Agreement**"), the Company has agreed, subject to the terms and conditions in the Amalgamation Agreement, to issue to the Investor 239,828,655 common shares in the capital of the Company (the "**Common Shares**");

AND WHEREAS in connection with the Amalgamation Agreement and the issuance of the Common Shares to the Investor thereunder, the Company has agreed to grant certain rights set out herein to the Investor, on the terms and subject to the conditions set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

For the purposes of this Agreement (including the recitals hereto), unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**Act**" means the *Business Corporations Act* (British Columbia);

“**Affiliate**” means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified; provided, however, that the Company and its Subsidiaries shall be deemed not to be Affiliates of the Investor or any of its Affiliates;

“**Amalgamation Agreement**” has the meaning given to such term in the recitals hereto;

“**AML Laws**” means applicable Laws relating to anti-money laundering, including anti-money laundering-related government guidance;

“**Anti-Corruption Laws**” means the *Corruption of Foreign Public Officials Act* (Canada), Part IV, section 426 of the *Criminal Code* (Canada), the *UK Bribery Act*, the U.S. Foreign Corrupt Practices Act of 1977 and any other Laws of any jurisdiction applicable to the Company or any of its Subsidiaries from time to time that prohibits payments to improperly influence government officials or private individuals;

“**Beneficial Ownership**” means, with respect to a Person, as at any time, the aggregate interest of such Person and its Affiliates calculated as a percentage, (a) the numerator of which shall be the number of Common Shares beneficially owned or controlled by such Person and its Affiliates at the relevant date, and (b) the denominator of which shall be the sum of the number of Common Shares issued and outstanding as at such relevant date;

“**Beneficial Ownership Requirement**” means, as at any date, that the Beneficial Ownership of the Investor is equal to or greater than 10%;

“**Blackout Period**” means the regular period under which directors and officers of the Company are restricted from trading in securities of the Company under the corporate disclosure policy of the Company, as amended by the Board from time to time, relating to the release of financial results of the Company;

“**Board**” means the board of directors of the Company, as constituted from time to time;

“**Board Size**” has the meaning given to such term in Section 2.1(a);

“**Bought Deal Agreement**” has the meaning given to such term in Section 7.1(1) of National Instrument 44-101 *Short Form Prospectus Distributions*;

“**Bought Deal Financing**” means an offering of Equity Securities pursuant to a Bought Deal Agreement;

“**British Columbia Securities Act**” means the *Securities Act* (British Columbia);

“**BTG**” means Banco BTG Pactual S.A.;

“**Business Day**” means any day, other than (a) a Saturday, Sunday or statutory holiday in the City of Vancouver, British Columbia, Canada, London, England or São Paulo, Brazil, or (b) a day on which banks are generally closed in the City of Vancouver, British Columbia, Canada, London, England or São Paulo, Brazil;

"**Business Opportunity**" means any proposed or potential transaction for aggregate consideration of greater than ***[Redacted – Commercially sensitive information.]*** that, if completed, would result in the direct acquisition of assets that represent, or the acquisition of a direct or indirect equity interest (or securities that can be converted into a direct or indirect equity interest) in, a Covered Business; provided, however, that any transaction with a Covered Business in which the Investor and/or its Affiliates has a pre-existing interest (i) at the time of this Agreement or (ii) at the relevant time if such interest was acquired as a result of pursuing a Rejected Opportunity pursuant to Section 5.3(e), shall be deemed not to be a Business Opportunity, and provided further that, the subscription or acquisition of securities that can be converted into a direct or indirect equity interest in a Covered Business shall not constitute a Business Opportunity if the subscription or acquisition of such convertible securities is not the primary purpose for the Person pursuing such potential transaction (for example, a circumstance where the primary purpose of a transaction is the lending of funds by the Person via a credit facility or granting of guarantees, but convertible securities or convertible features are to be granted by the borrower to the Person, as lender or guarantor, as an additional benefit in connection therewith);

"**Canadian Securities Laws**" means the applicable securities legislation of each of the provinces and territories of Canada and all regulations, published policy statements, Orders, rules, instruments, rulings and published interpretation notes issued thereunder or in relation thereto;

"**Canadian Securities Regulators**" means the securities commissions or similar securities regulatory authorities in each of the provinces and territories of Canada;

"**Closing**" means the closing of the transactions contemplated under the Amalgamation Agreement, including the issuance of the Common Shares to the Investor thereunder;

"**Common Shares**" has the meaning given to such term in the recitals hereto;

"**Company**" has the meaning given to such term on the first page of this Agreement;

"**Company Indemnified Parties**" has the meaning given to such term in Section 4.6(b);

"**Company Nominees**" has the meaning given to such term in Section 2.1(f);

"**Company Parties**" has the meaning given to such term in Section 5.4;

"**Confidential Information**" means, subject to Section 5.8(d), any and all information, in any form or medium, written or oral, whether concerning or relating to the Company, its Subsidiaries, Investees, or its and their respective officers and employees (whether prepared by or on behalf of the Company or otherwise, and irrespective of the form or means of communication) that is furnished to the Investor or its Representatives by or on behalf of the Company at any time, whether before, upon or after the execution of this Agreement, including all oral and written information relating to financial statements, projections, evaluations, plans, strategy, programs, customers, suppliers, facilities, equipment and other assets, products, processes, marketing, research and development, trade secrets, know-how, patent applications that have not been published, technology and intellectual property of the Company and its Subsidiaries or Investees, and shall be deemed to include the portion of all notes, analyses, studies, interpretations, memoranda and other documents, material or reports (in any form or medium) prepared by the Investor and its Representatives that contain, reflect or are based upon, in whole or part, the information furnished to or on behalf of the Company;

"**control**" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract, or otherwise, which for the Investor shall include any limited partnerships, investment vehicles and investment funds managed or advised by the Investor or any of its Affiliates, as well as any Affiliates of such limited partnerships, investment vehicles and investment funds;

"**Convertible Securities**" means securities which are exercisable for, convertible into or exchangeable for Common Shares;

"**Covered Business**" means any: (a) upstream hydrocarbon exploration and/or development and/or production asset located in any African jurisdiction; or (b) Person engaged in the business of upstream hydrocarbon exploration and/or development and/or production, provided that, in the case of (b), (i) at least ***[Redacted – Commercially sensitive information.]*** of such Person's upstream hydrocarbon assets, production or reserves are located in Africa and (ii) the upstream hydrocarbon business of the Person represents more than ***[Redacted – Commercially sensitive information.]*** of the aggregate revenues or assets of said Person;

"**Demand Registration**" has the meaning given to such term in Section 4.1(a);

"**Demand Registration Request**" has the meaning given to such term in Section 4.1(a);

"**Distribution Expenses**" means any and all fees and expenses incidental to the Company's performance of, or compliance with, the terms of a Registration hereunder, including: (a) listing and filing fees of the Canadian Securities Regulators and/or an applicable stock exchange, (b) fees and expenses relating to compliance with Securities Laws, (c) printing, copying, messenger, delivery and translation expenses, (d) expenses incurred in connection with any "road show" and marketing activities, (e) fees, expenses and disbursements of legal counsel to the Company in all relevant jurisdictions, (f) fees, expenses and disbursements of the Company's auditors in connection with a Registration, including the expenses of any special audits or "comfort" letters, (g) all rating agency fees, (h) all transfer agents', depositaries' and registrars' fees, (i) legal fees and disbursements of legal counsel for the Investor in all relevant jurisdictions; (j) translation fees, and (l) any other fees, expenses and/or commissions payable to an underwriter, investment banker, manager or agent customarily paid by issuers or sellers of securities, other than Selling Expenses;

"**Dividend Policy**" has the meaning given to such term in Section 5.2(a);

"**Effective Time**" has the meaning given to such term in the Amalgamation Agreement;

"**Equity Financing**" has the meaning set out in Section 3.1(a);

"**Equity Financing Notice**" has the meaning set out in Section 3.1(a)(i);

"**Equity Financing Notice Period**" has the meaning set out in Section 3.1(a)(iv);

"**Equity Securities**" has the meaning set out in Section 3.1(a);

"**Existing Board Nomination Rights**" means any contractual right or agreement between the Company and any Person as of the date of this Agreement, which permits such Person to nominate individual(s) for election to the Board;

"**Export Controls**" means any applicable Laws governing exports, imports or re-exports to or from any country, including the export or re-export of goods, services or technical data from such country, or imposing trade embargoes or economic sanctions against other countries or Persons;

"**Governmental Entity**" means any: (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; or (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing including any stock exchange;

"**Independent Director**" means a director who is "independent" within the meaning of s. 1.4 and s. 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Regulators;

"**Investee**" means, as to any Person, any other Person in which the Person has made a direct or indirect investment in, other than a Subsidiary of such Person;

"**Investor**" has the meaning given to such term on the first page of this Agreement;

"**Investor Indemnified Parties**" has the meaning given to such term in Section 4.6(a);

"**Investor Nominee**" has the meaning given to such term in Section 2.1(a);

"**Laws**" means any and all international, federal, state, provincial, territorial, regional, national, foreign, local, municipal or other laws, statutes, acts, treaties, constitutions, principles of common law, resolutions, ordinances, proclamations, directives, codes, edicts, Orders, rules, regulations, rulings or requirements or other legally binding directives or guidance issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity and includes Securities Laws;

"**LTIP Plan**" means the Company's long term incentive plan effective April 19, 2016, as amended;

"**Market Capitalization**" means the product of (a) the number of issued and outstanding Common Shares as of such date, on an undiluted basis, multiplied by (b) the volume-weighted average trading price of the Common Shares on the TSX, or such other stock exchange where the majority of the trading volume and value of the Common Shares occurs, for the 30 trading days immediately preceding the earlier of the date of signing the applicable definitive agreement and the date of first public announcement of the applicable transaction;

"**Maximum Offering Size**" has the meaning given to such term in Section 4.1(b);

"**Minimum Issuance Price**" has the meaning given to such term in Section 3.3(f);

"**Non-Investor Nominee Directors**" means the members of the Board other than any directors that are Investor Nominees;

"**Notification of Pursuit**" has the meaning given to such term in Section 5.3(c);

"**Opportunity Notice**" means a notice from the Investor to the Company setting out the nature of the Business Opportunity and without prejudice to the Investor's obligations in Section 5.3(b)(v), to the extent permitted under any relevant confidentiality agreement with the third party which is the subject of, or the owner of, the Business Opportunity, appending all relevant information in the possession of the Investor or its Affiliates relating to the Business Opportunity (including any teaser, information memoranda, presentations, economic evaluations, technical information and studies, due diligence materials or other relevant third party information, but excluding any materials prepared by or on behalf of the Investor or its Affiliates);

"**Order**" means any judgment, decision, decree, injunction, ruling, writ, assessment or order of any Governmental Entity that is binding on a Person or its property under applicable Law;

"**Ownership Certificate**" has the meaning given to such term in Section 5.7;

"**Person**" means and includes any individual, corporation, limited partnership, general partnership, joint stock company, limited liability company, joint venture, association, company, trust, bank, trust company, pension fund, business trust or other organization, whether or not a legal entity and any Governmental Entity;

"**Piggyback Notice**" has the meaning given to such term in Section 4.3(a);

"**Piggyback Registration**" has the meaning given to such term in Section 4.3(a);

"**Piggyback Request**" has the meaning given to such term in Section 4.3(a);

"**Potential Purchaser**" has the meaning given to such term in Section 5.8(a);

"**Pre-Emptive Right**" has the meaning set out in Section 3.1(a)(iii);

"**Prospectus**" means, as the context requires, a "preliminary prospectus," "amended and restated preliminary prospectus" and a "final prospectus", as those terms are used in National Instrument 41-101 – *General Prospectus Requirements*, including all amendments and supplements thereto;

"**Registrable Shares**" means any Common Shares that the Investor or any of its Affiliates beneficially owns or has the right to acquire pursuant to the terms of Convertible Securities provided, however, that any Common Shares beneficially owned by the Investor that are not permitted to be sold pursuant to Section 5.1 of this Agreement shall not constitute Registrable Shares for any applicable period during which they may not be sold;

“**Registration**” means the qualification under any of the Canadian Securities Laws of the distribution of Registrable Shares, as a secondary offering, to the public in any or all of the provinces and territories of Canada pursuant to a Prospectus;

“**Rejected Opportunity**” has the meaning given to such term in Section 5.3(e);

“**Rejection Notice**” has the meaning given to such term in Section 5.3(e);

“**Relevant Investment Party**” means the Investor and a Person that both (a) directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Investor and (b) BTG holds, directly or indirectly, for its own account and not on behalf of its or its Affiliates’ clients, more than 50% of the equity securities of such Person, provided, however, that the Company and its Subsidiaries shall be deemed not to be Relevant Investment Parties;

“**Representatives**” means, in respect of any Person, the directors, officers, general and current or prospective limited partners, managers, members, employees, advisors, agents, insurers (including brokers and re-insurers), equityholders, actual or potential sources of debt or equity financing and other representatives (including lawyers, accountants, consultants and financial advisors) of such Person, and in the case of the Investor and its Affiliates, includes any Investor Nominee;

“**Securities Laws**” means the Canadian Securities Laws, the U.S. Securities Laws and the applicable rules and requirements of any stock exchange on which the Company’s securities are listed and/or traded;

“**Selling Expenses**” means any and all underwriters’ discounts and commission, and stock transfer taxes applicable to the sale of Common Shares;

“**Subsidiary**” means, as to any Person (in this definition, the “first Person”), any other Person (in this definition, the “second Person”): (a) in the case of a limited partnership or limited liability company, in respect of which the first Person or a Subsidiary of the first Person is the general partner, the managing member or manager thereof; (b) of which at least a majority of the outstanding equity interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or similar governing body of the second Person (irrespective of whether or not at the time any equity interests of any other class or classes of the second Person shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the first Person or one or more of its Subsidiaries; (c) in the case of a partnership other than a limited partnership, the first Person or one or more of its Subsidiaries holds more than 50% of the interests of the second Person; or (d) that the first Person consolidates for accounting purposes;

“**Suspension Period**” has the meaning given to it in Section 4.1(d);

“**Third Party Participation Rights**” has the meaning set out in Section 3.1(b);

"**Top-Up Offering**" has the meaning set out in Section 3.2(a);

"**Top-Up Right**" has the meaning set out in Section 3.2(a);

"**Top-Up Right Acceptance Notice**" has the meaning set out in Section 3.2(d);

"**Top-Up Right Notice Period**" has the meaning set out in Section 3.2(d);

"**Top-Up Right Offer Notice**" has the meaning set out in Section 3.2(c);

"**Top-Up Securities**" has the meaning set out in Section 3.2(a);

"**Transfer**" includes any direct or indirect transfer, sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, granting of any option, right or warrant to purchase (including any short sale, put option or call option) or other disposition;

"**TSX**" means the Toronto Stock Exchange or any successor thereto;

"**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended;

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended;

"**U.S. Securities Laws**" means the U.S. Exchange Act and the U.S. Securities Act; and

"**Valid Business Reason**" has the meaning given to it in Section 4.1(d).

1.2 Rules of Construction

Except as may be otherwise specifically provided in this Agreement and unless the context otherwise requires, in this Agreement:

(a) the terms "Agreement", "this Agreement", "the Agreement", "hereto", "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof and include any schedules or exhibits hereto;

(b) unless stated otherwise, references to an "Article" or "Section" followed by a number or letter refer to the specified Article or Section to this Agreement;

(c) the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;

(e) the word "including" is deemed to mean "including without limitation" and the word "includes" is deemed to mean "includes without limitation";

(f) the terms "party" and "the parties" refer to a party or the parties to this Agreement;

(g) all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

(h) any reference to any agreement, plan, contract or any other written instrument or document (including this Agreement) means such agreement, plan, contract, or written instrument or document as amended, modified, replaced or supplemented from time to time;

(i) any reference to a statute, regulation or rule shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced, and any reference to a statute shall include any regulations or rules made thereunder;

(j) unless otherwise stated, all dollar amounts refer to United States dollars;

(k) the word "day" means calendar day unless Business Day is expressly specified;

(l) any time period within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends;

(m) the parties agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in any agreement or other document will be construed against the party drafting such agreement or document; and

(n) whenever any payment is required to be made, action is required to be taken or period of time is to expire on a day other than a Business Day, such payment shall be made, action shall be taken, or period shall expire on the next following Business Day.

1.3 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, shareholder agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement. Notwithstanding anything to contrary set forth herein, the rights and obligations of the parties hereto set forth in Article 2, Article 3, Article 4 and Article 5 shall only become effective at the Effective Time.

1.4 Governing Law and Submission to Jurisdiction

(a) This Agreement and all matters, claims or actions (whether at law, in equity, in contract, in tort or otherwise) based upon, arising out of or relating to this Agreement or the negotiation, execution or performance of this Agreement, shall be interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable in that province, regardless of the Laws that might otherwise govern under any applicable conflict of Laws principles.

(b) Each of the parties irrevocably and unconditionally (i) submits to the jurisdiction of the courts of the Province of British Columbia over any action or proceeding arising out of or relating to this Agreement, (ii) waives any objection that it might otherwise be entitled to assert to the jurisdiction of such courts and (iii) agrees not to assert that such courts are not a convenient forum for the determination of any such action or proceeding.

(c) The Investor, being organized under the laws of a foreign jurisdiction and residing outside of Canada, hereby appoints Blake, Cassels & Graydon LLP, 1133 Melville Street, Suite 3500, The Stack, Vancouver, British Columbia, Canada, V6E 4E5, as its agent for service of process in the Province of British Columbia.

1.5 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

1.6 Certain Terminology

For the purposes of this Agreement, the terms and phrases “acting jointly or in concert”, “beneficial ownership”, “take-over bid” and “issuer bid” (or grammatical variations thereof, other than “Beneficial Ownership”) shall have the meanings given to them under applicable Canadian Securities Laws.

1.7 Schedules

The following Schedules are attached to and form an integral part of this Agreement:

Schedule A – Registration Procedures

ARTICLE 2
BOARD & OFFICER NOMINATION RIGHTS

2.1 Board Nominees

(a) Immediately upon Closing, the number of directors constituting the full Board (the "**Board Size**") shall be nine directors, unless the Investor otherwise agrees in writing, and the Board shall not subsequently, without the prior written consent of the Investor (i) propose or resolve to increase or decrease the Board Size (except where the Investor has provided notice to the Company in accordance with Section 2.1(i) that it does not wish to nominate any Investor Nominee for election at any meeting where directors of the Company are elected, in which case the Board may resolve to decrease the Board Size to remove any such Investor Nominee in respect of which the Investor provides such notice without the prior written consent of the Investor) or (ii) subject to the obligations of the directors of the Company to comply with their fiduciary duties under applicable Law, fail to recommend against any proposal by the Company's shareholders to increase or decrease the Board Size. During the Standstill Period, the majority of the Board shall, at all times, be comprised of Non-Investor Nominee Directors.

(b) If the Beneficial Ownership of the Investor is:

(i) 30% or greater, the Investor shall be entitled to (A) designate three nominees (each an "**Investor Nominee**") for election to the Board and (B) appoint one of the Investor Nominees (which for certainty shall not be an executive of the Company) to serve as Chair of the Board;

(ii) at least 20%, but less than 30%, the Investor shall be entitled to designate two Investor Nominees for election to the Board; or

(iii) at least 10% but less than 20%, the Investor shall be entitled to designate one Investor Nominee for election to the Board.

(c) In the event the Investor acquires any Existing Board Nomination Rights, it agrees that it shall not exercise any such rights for so long as the Board Size remains at nine directors or less if doing so would result in the Investor having more than three nominees for director. In the event the Board Size is increased to a number greater than nine directors with the Investor's written consent as required by Section 2.1(a), then the Investor may exercise such Existing Board Nomination Rights to designate such additional nominees as it may be entitled to nominate pursuant to such rights, provided that in the event the Investor exercises such Existing Board Nomination Rights, (i) the Company shall be granted the right to nominate such additional nominees to the Board in an equal number to those nominated by the Investor upon the Investor's exercise of the Existing Board Nominating Rights, which nominees shall also be Independent Directors, and (ii) the Investor shall consent to increasing the Board Size under Section 2.1(a) to accommodate the Company's additional nominees.

(d) Upon their election or appointment to the Board, each Investor Nominee shall deliver a signed and undated letter of resignation together with a letter of authorization permitting the Company to date such resignation where the number of Investor Nominees that the Investor is entitled to designate is reduced pursuant to Section 2.1(b) or Section 2.2(b). The Investor shall advise the Company as soon as reasonably practicable, but in any event within 10 Business Days of a decrease in the Investor's Beneficial Ownership below one of the thresholds specified in Section 2.1(b), which of the Investor Nominees will resign from the Board, provided that if the Investor does not advise the Company within such 10 Business Day period, a majority of the Non-Investor Nominee Directors shall determine: (i) which of the Investor Nominee(s) shall be removed; or (ii) that any such removal is not necessary.

(e) Each Investor Nominee must be an individual that meets the qualification requirements to act as a director in accordance with Section 2.2.

(f) As a condition to being nominated to the Board, any Investor Nominee designated or nominated under Section 2.1(a) shall provide to the Company, prior to such nomination and on an on-going basis while serving as a member of the Board, such information and materials as the Company is entitled to receive from other members of the Board and as are required to be disclosed in management information circulars under applicable law or as are otherwise requested by the Company from time to time from members of the Board in connection with the Company's legal, regulatory or stock exchange requirements, or as required under the Company's policies and/or procedures generally applicable to members of the Board, including an executed consent from the Investor Nominees to serve as a director, a completed directors' questionnaire, a completed personal information form (to be submitted directly to the TSX) and such other documentation as may be requested by any stock exchange or required by any applicable securities regulator.

(g) The Company shall (i) recommend, and reflect such recommendation in any management information circular relating to any meeting where directors of the Company are elected (or submit to shareholders by written consent, if applicable), that the shareholders of the Company vote to elect each Investor Nominee to the Board for a term of office expiring at the closing of the subsequent annual meeting of the shareholders of the Company; and (ii) solicit proxies in favour of and otherwise support each Investor Nominee's election, each in a manner no less favourable than the manner in which the Company supports its other nominees selected by the Non-Investor Nominee Directors (the "**Company Nominees**") for election to the Board.

(h) The Company shall:

(i) not nominate, in the aggregate, a number of nominees greater than the number of members of the Board;

(ii) ensure one of the Company Nominees is the chief executive officer of the Company; and

(iii) ensure at least two of the Company Nominees will be (i) non-executive directors who are Independent Directors and (ii) approved by a majority of the members of the Board who were Investor Nominees.

(i) The Company shall notify the Investor in writing promptly upon determining the date of any meeting of shareholders at which directors of the Company are to be elected. Prior to the later of (i) 45 days prior to any meeting of shareholders at which directors of the Company are to be elected and (ii) 10 days after being notified of the record date for such a meeting, the Investor shall advise the Company of the identity of each Investor Nominee that satisfies the requirements of Section 2.2, provided that in the circumstances where the Board has determined to abridge the time periods for calling any meeting of shareholders, the Investor shall use commercially reasonable efforts to provide such information as promptly as practicable in the circumstances to allow the Company to comply with the requirements under applicable law in respect of the calling and holding of such meeting of shareholders. If the Investor does not advise the Company of the identity of each Investor Nominee prior to such deadline, then the Investor will be deemed to have nominated each incumbent Investor Nominee unless the Investor notifies the Company in writing that it does not wish to nominate any of the Investor Nominees for such election.

(j) In the event that an Investor Nominee is not duly elected to the Board or shall cease to serve as a director of the Company, whether due to such Investor Nominee's death, disability, resignation or removal (including failure to be elected by the Company's shareholders or being required to resign in accordance with any applicable majority voting policy) or any other reason, the Company shall cause the Board to appoint as soon as practicable an Investor Nominee designated by the Investor to replace the Investor Nominee who has not been elected or has ceased to be a director, provided that the Investor remains eligible to designate an Investor Nominee in accordance with Section 2.1(a) and that the replacement Investor Nominee meets the qualification requirements in Section 2.2.

(k) Unless waived by such Investor Nominee, each Investor Nominee shall be compensated for the Investor Nominee's service on the Board and any committee thereof consistent with the Company's policies for director compensation. Each Investor Nominee shall be reimbursed for all reasonable expenses related to such service on the Board consistent with the Company's policies for director reimbursement.

(l) It is acknowledged by the Investor that each Investor Nominee will be required to comply with all policies of the Company that are generally applicable to members of the Board, provided that if the Company adopts a policy that directors own a minimum amount of equity in the Company, any Investor Nominee that is not an Independent Director shall not be subject to such policy and provided further that no Investor Nominee shall be required to acquire issued and outstanding securities of the Company to satisfy the requirements of such a policy, and shall not be considered in breach of such policy, if doing so could reasonably trigger any mandatory take-over bid, tender offer or similar requirements under Law for the Investor Nominee or for the Investor, any of its Affiliates or any other Person.

(m) The Company shall enter into an indemnification agreement with each Investor Nominee in a form substantially similar to the Company's form of director indemnification agreement and provide each Investor Nominee with director and officer insurance to the same extent it indemnifies and provides insurance for the other members of the Board pursuant to the constating documents of the Company, applicable Laws or otherwise.

(n) Upon the death, disability, resignation or removal (including failure to be elected by the Company's shareholders or being required to resign in accordance with any applicable majority voting policy) of any director that is not an Investor Nominee, or if any such director determines not to stand for re-election for any reason, the Non-Investor Nominee Directors shall be entitled to designate a replacement Company Nominee to fill the vacancy created by such death, disability, resignation or removal or determination not to stand for re-election.

(o) Notwithstanding anything herein to the contrary, a failure by the Investor to designate any or all of the Investor Nominees that it is entitled to designate pursuant to this Section 2.1 at any time shall not restrict the ability of the Investor to designate such Investor Nominees at any time in the future. In the event that the Investor has designated fewer Investor Nominees than the total number of Investor Nominees that the Investor is entitled to designate pursuant to this Section 2.1, then the Investor shall have the right, at any time and from time to time, to designate such additional Investor Nominee(s) to which it is entitled hereunder, in which case, the Company and the Board shall take all necessary corporate action, to the fullest extent permitted by Law, to promptly: (i) enable the Investor to designate and effect the election or appointment of such additional Investor Nominee(s) (including increasing the Board Size if it has been reduced pursuant to Section 2.1(a)); and (ii) appoint such Investor Nominee(s) to fill any available vacancies or, to the extent not so permitted, nominate any such Investor Nominee for election to the Board at the next meeting of shareholders, provided, however, that the Company shall not be required to call a special meeting of shareholders of the Company for the purpose of electing such additional Investor Nominee to the Board and the election of such Investor Nominee to the Board shall occur at the next annual general meeting of shareholders of the Company.

(p) If, at any time, the Chair of the Board is determined to not be an Independent Director, the Board shall appoint a lead director who is an Independent Director, with such customary powers and duties as the Board may specify.

(q) During the Standstill Period, each of the standing committees of the Board shall be comprised of a majority of Non-Investor Nominee Directors. Subject to applicable Law, for so long as the Investor has the right to designate one or more Investor Nominees, at least one Investor Nominee shall be appointed to each committee established by the Board, including, for certainty, any *ad hoc* special committee, strategic advisory committee or other similarly constituted committee of the Board formed for the purposes of, among other things, reviewing, considering or evaluating regulatory issues, strategic initiatives or material transactions involving the Company and/or its Subsidiaries, unless (i) the committee in question has been formed to consider a transaction in which all Investor Nominees or the Investor or any of its Affiliates has a material interest (other than solely as a shareholder) or (ii) such appointment would be otherwise inconsistent with the requirements for the composition of such committees under applicable Securities Laws or the rules of a stock exchange on which the Common Shares are listed.

(r) The Company covenants that all Board meetings and Board committee meetings will be held in English and all Board minutes, committee minutes, notices and related correspondence will be written in English.

(s) Subject to Section 5.8 and applicable Law, each Investor Nominee shall be permitted to disclose non-privileged information about the Company and its Subsidiaries that the Investor Nominee receives as a result of being a director of the Company to the Investor, its Affiliates and their respective Representatives solely for the purposes of monitoring, administering or managing the Investor's investment in the Company and advising the Investor Nominee in the Investor Nominee's capacity as a director of the Company and for no other purpose; provided that the recipient of such disclosure is directed to keep confidential and not disclose any Confidential Information, in each case, in accordance with Section 5.8. The Investor shall be liable to the Company for any breach of this Section 2.1(s) by any of the foregoing Persons as if such Person were an original party hereto.

2.2 Qualifications of Investor Nominee(s)

(a) The Investor may appoint any individual as an Investor Nominee provided that such Person meets the qualification requirements to serve as a director under the Act, applicable Securities Laws and the applicable rules of any stock exchange on which the Common Shares are listed.

(b) If at any time an Investor Nominee fails to satisfy the requirements provided in Section 2.2(a), then the Company may date such Investor Nominee's resignation in accordance with the letter of authorization, following which the Investor may designate a replacement Investor Nominee in accordance with Section 2.1(f).

2.3 Chief Financial Officer Nominee

(a) As long as the Beneficial Ownership of the Investor is equal to or greater than 20%, the Investor shall be entitled to nominate an appropriately qualified and experienced individual for the position of the chief financial officer of the Company, and the Board shall approve the Investor´s nominee unless such nominee: (i) does not meet the qualification requirements to serve as an officer of the Company under the Act, applicable Securities Laws and the applicable rules of any stock exchange on which the Company's securities are listed or (ii) does not have the appropriate qualifications, skills or experience to serve as the chief financial officer of a publicly traded company, as determined by the Board, acting reasonably.

(b) The Investor shall have the right to nominate an individual for the role of chief financial officer at any time, and shall not be required to make such nomination at any particular time. A failure by the Investor to designate a nominee for chief financial officer of the Company shall not restrict the ability of the Investor to designate such a nominee pursuant to Section 2.3(a) at any time in the future.

(c) The appointment of a nominee for chief financial officer of the Company by the Board shall be subject to any notifications to and/or approvals required from any stock exchange on which the Company's securities are listed and entry into an employment agreement on market terms between the Company and such individual.

(d) Upon the death, disability, resignation or removal of any chief financial officer, or if the Board does not approve a nominee for chief financial officer put forward by the Investor, the Investor shall be entitled, pursuant to Section 2.3(a), to designate a replacement nominee to fill the vacancy created by such death, disability, resignation, removal or rejection.

ARTICLE 3
PRE-EMPTION

3.1 Pre-Emptive Right

(a) For so long as the Beneficial Ownership Requirement is satisfied, in the event that the Company proposes to issue Common Shares or Convertible Securities, including convertible debt securities (collectively, "**Equity Securities**") for cash (an "**Equity Financing**"), other than the issue of Equity Securities pursuant to a rights offering by the Company that is open to all holders of Common Shares:

(i) the Company shall deliver a notice to the Investor in writing as soon as possible, but in any event no later than 15 Business Days prior to the earliest of: (i) the public announcement of the Equity Financing, (ii) the date on which the Company files a preliminary prospectus, registration statement or other offering document in connection with an Equity Financing that constitutes a public offering of the Equity Securities and (iii) the date the Company intends to enter into a binding Bought Deal Agreement in respect of a Bought Deal Financing (the "**Equity Financing Notice**") specifying: (A) the total number of outstanding Equity Securities, on both an undiluted and fully-diluted basis, (B) the total number of Equity Securities that are proposed to be offered for sale, (C) the rights, privileges, restrictions, terms and conditions of the Equity Securities proposed to be offered for sale, (D) the consideration for which the Equity Securities are proposed to be offered for sale, and (E) the anticipated closing date of the Equity Financing; provided that if the Company is proposing to undertake a Bought Deal Financing, the Company shall give such Equity Financing Notice to the Investor as early as possible in the circumstances (but not less than three Business Days prior to the public announcement of such Bought Deal Financing) and, notwithstanding Section 3.1(a)(iv), the Investor shall have two Business Days from the date the Company advises it of such proposed Bought Deal Financing to notify the Company in writing of the Investor's intention to participate as contemplated in Section 3.1(a)(iv);

(ii) as soon as practicable following the delivery of an Equity Financing Notice, the Company will use its commercially reasonable efforts to provide the Investor with such reasonable information concerning the Company as requested by the Investor for the purposes of evaluating the Equity Securities;

(iii) the Investor shall have the right (the "**Pre-Emptive Right**") to subscribe, directly or through one or more Affiliates, for:

(A) in the case of an Equity Financing of Common Shares, up to such number of Common Shares that the Company proposes to offer for sale as described in the Equity Financing Notice as would result in the Investor and its Affiliates collectively maintaining, following the completion of the Equity Financing, the Beneficial Ownership held immediately prior to the first public announcement of the proposed Equity Financing, for the consideration and on the same terms and conditions as offered to the other potential investors under the Equity Financing, all as set forth in the Equity Financing Notice; and

(B) in the case of an Equity Financing of Equity Securities other than Common Shares, up to such number of Equity Securities that the Company proposes to offer for sale as described in the Equity Financing Notice as would result (assuming, for all purposes of this Section 3.1(a)(iii)(B), the conversion, exercise or exchange of all of the convertible, exercisable or exchangeable Equity Securities issued in connection with the Equity Financing and issuable pursuant to this Section 3.1(a)(iii)) in the Investor and its Affiliates collectively maintaining, following the completion of the Equity Financing, the Beneficial Ownership held immediately prior to the first public announcement of the proposed Equity Financing, for the consideration and on the same terms and conditions, as offered to the other potential investors under the Equity Financing all as set forth in the Equity Financing Notice;

(iv) if the Investor elects to subscribe for such Equity Securities, directly or through one or more Affiliates, the Investor shall provide written notice to the Company by the close of business on the 10th Business Day following the day upon which the Equity Financing Notice is received by the Investor, except as otherwise provided in Section 3.1(a)(i) in the case of a Bought Deal Financing (the "**Equity Financing Notice Period**"), provided that, if the Investor does not provide such written notice prior to the expiry of the Equity Financing Notice Period, the Investor shall be deemed to have elected not to subscribe for Equity Securities in such Equity Financing; and

(v) if the Investor elects to subscribe for such Equity Securities, any dilution to the Investor's Beneficial Ownership resulting from the issuance of Equity Securities pursuant to the completion of such Equity Financing prior to the time the Investor or its Affiliates acquire Equity Securities pursuant to the exercise of the Pre-Emptive Right will be disregarded for purposes of determining whether the Investor has maintained a required level of Beneficial Ownership pursuant to this Agreement.

(b) For the purposes of calculating the Investor's subscription entitlement in any Equity Financing pursuant to Section 3.1(a)(iii), the Company and the Investor acknowledge and agree that such calculation shall be determined with reference to and shall include all Equity Securities to be acquired by subscribers in such Equity Financing, including any subscriptions or purchases pursuant to a Person's participation rights, including any pre-emptive, pro rata, or top-up right, as applicable ("**Third Party Participation Rights**"). The Company shall promptly, and in any event within one Business Day of receipt of such information from each such Person, confirm in writing to the Investor the intention of each such Person to subscribe for and purchase Equity Securities pursuant to their respective Third Party Participation Rights in connection with each Equity Financing, if applicable.

(c) If the Investor elects, or is deemed to have elected, not to exercise its Pre-Emptive Right, then the Company may at any time within 30 Business Days of the expiry of the Equity Financing Notice Period complete the Equity Financing, provided that such Equity Financing is on the same terms and conditions as those set out in the Equity Financing Notice provided to the Investor.

(d) If the Company has not issued the Equity Securities under a proposed Equity Financing within 30 Business Days after the expiry of the Equity Financing Notice Period, the Company shall not thereafter proceed with such Equity Financing without providing the Investor with another opportunity to exercise its Pre-Emptive Right in respect of such Equity Financing.

3.2 Top-Up Right

(a) Without limiting Section 3.1 and subject to Section 3.2(b), the Investor (or an Affiliate thereof) shall have the right (the "**Top-Up Right**") to subscribe for Common Shares in respect of any Top-Up Securities (as defined below) that the Company may, from time to time, issue after the date of this Agreement, subject to any TSX or other stock exchange requirements as may then be applicable (a "**Top-Up Offering**"). The maximum number of Common Shares that may be subscribed for by the Investor (or through an Affiliate) pursuant to the Top-Up Right in any Top-Up Offering shall be equal to such number of Common Shares that will allow the Investor to maintain, following the completion of the Top-Up Offering, the Investor's Beneficial Ownership immediately prior to the issuance of the Top-Up Securities. The term "**Top-Up Securities**" shall mean any Equity Securities issued pursuant to an Equity Financing conducted on a Bought Deal Financing basis (to the extent that the Investor has not exercised its Pre-Emptive Right in respect thereof).

(b) Subject to Section 3.2(e), the Top-Up Right may be exercised following each Bought Deal Financing as set out in Section 3.2(c) and shall be effected through subscriptions for Common Shares by the Investor (or through an Affiliate) for a price per Common Share, subject to Section 3.3(f), equal to the issue price of the relevant Top-Up Securities. All issuances pursuant to the Top-Up Right shall be subject to approval by the TSX and any other applicable stock exchange. Any dilution to the Investor's Beneficial Ownership resulting from the issuance of Top-

Up Securities during the applicable fiscal period of the Company will be disregarded for purposes of determining whether the Investor or its Affiliates has maintained a required level of Beneficial Ownership pursuant to this Agreement prior to the later of (i) the expiry of the Top-Up Right Notice Period and (ii) if a Top-Up Right Acceptance Notice is provided, the completion of the acquisition of the securities pursuant to the Top-Up Right specified in such Top-Up Right Acceptance Notice.

(c) Within 5 Business Days following the completion of the applicable Bought Deal Financing, the Company shall send a written notice to the Investor (the "**Top-Up Right Offer Notice**") specifying: (i) details of the issuance of Top-Up Securities as part of such Bought Deal Financing (including, for each issuance, the number of Top-Up Securities issued, the date of the issuance and the issue price), (ii) the total number of the then issued and outstanding Common Shares (which shall specify any securities that will or may be issued to Persons having similar participation rights), and (iii) the Investor's Beneficial Ownership (based on the last publicly reported ownership figures of the Investor and/or its Affiliates and the number of issued and outstanding Common Shares in (ii) above) assuming the Investor or an Affiliate did not exercise its Top-Up Right.

(d) The Investor and/or an Affiliate shall have a period of 45 Business Days from the date of the Top-Up Right Offer Notice (the "**Top-Up Right Notice Period**") to notify the Company in writing (the "**Top-Up Right Acceptance Notice**") of the exercise, in full or in part, of the Top-Up Right. The Top-Up Right Acceptance Notice shall specify the number of Common Shares subscribed for by the Investor and/or an Affiliate pursuant to the Top-Up Right and the subscription price calculated in accordance with Section 3.2(b). If the Investor and/or an Affiliate fails to deliver a Top-Up Right Acceptance Notice within the Top-Up Right Notice Period, then the Top-Up Right of the Investor in respect of the relevant issuances of Top-Up Securities during the applicable fiscal period is extinguished. If the Investor and/or an Affiliate gives a Top-Up Right Acceptance Notice, the sale of the Top-Up Securities to the Investor and/or an Affiliate shall be completed as soon as reasonably practicable thereafter.

(e) Notwithstanding the foregoing, if any Top-Up Securities have been issued, or any Top-Up Securities are likely to be issued, as determined by the Company, acting reasonably, prior to the date on which a record date for a meeting of the Company's shareholders is to be set, then prior to setting such record date, the Company shall deliver a Top-Up Right Offer Notice to the Investor and, if the Investor delivers a Top-Up Right Acceptance Notice in accordance with Section 3.2(d), the Company shall, in accordance with the provisions of this Section 3.2, promptly, and in any event prior to declaring the record date for such meeting of the Company's shareholders, complete a Top-Up Offering to the Investor.

3.3 Acknowledgements

(a) The Company acknowledges and agrees that it will comply with its obligations to the Investor contained in this Article 3 and to any other Person that has pre-emptive, pro rata, participation or top-up rights, to the extent that such rights are engaged in connection with any Equity Financings, in a coordinated manner and as part of such Equity Financing so as to ensure that the exercise of any such right does not trigger or give rise to any further or consequential pre-emptive, pro rata, participation or top-up right of the Investor or any other Person.

(b) The Company acknowledges and agrees to take any and all reasonable steps as are required to facilitate the rights of the Investor set forth in this Article 3, including: (i) undertaking a private placement or directed offering of Equity Securities to the Investor as part of any Equity Financing or exercise of Top-Up Rights, and (ii) if required, increasing the size of any Equity Financing to satisfy its obligations to the Investor pursuant to Section 3.1, inclusive, and its obligations to any Person pursuant to any Third Party Participation Rights, in each case, subject to obtaining any regulatory or other approvals required by applicable Laws or the rules of any stock exchange on which the Common Shares are listed and posted for trading.

(c) If the Company is required to seek shareholder approval for the issuance of securities to the Investor or the exercise of any other right in this Article 3, then the Company shall (i) call and hold a meeting of its shareholders to consider the issuance of such securities to the Investor as soon as reasonably practicable, and in any event such meeting shall be held within 75 days after the date that the Company is advised that it will require shareholder approval, (ii) recommend approval of the applicable transaction(s) and (iii) use commercially reasonable efforts to solicit proxies in support thereof.

(d) The Company shall use reasonable efforts to obtain any required approvals from the TSX or any other Governmental Entity for any actions contemplated by this Article 3.

(e) The Company acknowledges that the pre-emptive right and top-up provisions contained in Section 3.1 and Section 3.2 are intended to ensure that, in the specified circumstances, the Investor has the option, but not the obligation, to, directly or indirectly through its Affiliates, maintain its *pro rata* ownership interest in the Company, including in respect of the issuance of any Common Shares pursuant to any Third Party Participation Rights.

(f) For clarity, all issuances of Equity Securities by the Company pursuant to this Article 3 will be subject to the prior approval of the TSX and any other stock exchange upon which the Common Shares are then listed, in each case, to the extent required. If the issuance price of any such Equity Securities, as determined under the terms of this Article 3, is below the minimum issuance price allowable by any such stock exchange whose approval of the issuance is required (the "**Minimum Issuance Price**"), the issuance price calculated hereunder for such issuance will be replaced by the Minimum Issuance Price.

(g) The election by the Investor not to exercise any of its rights under Section 3.1 or Section 3.2 in any one instance shall not affect its right as to any subsequent proposed issuance.

(h) In relation to any exercise periods for the Investor (directly or indirectly through its Affiliates) to elect to exercise its rights in this Article 3, to the extent that the Investor and/or its Affiliates are restricted from trading in securities of the Company under

Securities Laws or other applicable Laws, the relevant exercise period shall be extended until the second Business Day following the termination of such restriction.

ARTICLE 4
REGISTRATION RIGHTS

4.1 Demand Registrations

(a) At any time and from time to time, the Investor may request the Company to use commercially reasonable efforts to effect a Registration of all or part of its Registrable Shares (such Registration being hereinafter referred to as a "**Demand Registration**") by filing a Prospectus under the Canadian Securities Laws of the jurisdictions selected by the Investor (which for certainty, may not include Quebec unless at the time of the Demand Registration the Company is already a reporting issuer in Quebec). Any such request shall be made by notice in writing (a "**Demand Registration Request**") to the Company. Subject to Section 4.1(b), the Company shall be entitled to include for sale in any Prospectus filed pursuant to a Demand Registration any securities of the Company to be sold by the Company for its own account. The Company shall as soon as reasonably practical, and in any event within 30 days of receipt of a Demand Registration Request, file a Prospectus under the Canadian Securities Laws of the jurisdictions selected by the Investor covering all of the Registrable Shares that the Investor requested to be registered and, as applicable, any securities offered by the Company for its own account, and use its commercially reasonable efforts to cause a receipt to be issued for such Prospectus as soon as reasonably practicable. The Company and the Investor shall cooperate in a timely manner in connection with any such distribution and the procedures in Schedule A shall apply.

(b) If the lead underwriter(s) in any underwritten Demand Registration advise the Company in writing that the inclusion of all the securities requested to be included in a Demand Registration, including securities offered by the Company for its own account, as applicable, may have an adverse effect on the distribution or sales price of the securities being offered unless the number of such securities is reduced (such reduced offering size, the "**Maximum Offering Size**"), the Company will include in such Registration, in the following priority, in the aggregate up to the Maximum Offering Size: (i) first, all Registrable Shares requested to be registered in the Demand Registration by the Investor, and (ii) second, securities offered by the Company for its own account.

(c) The Company shall not be obliged to effect:

(i) more than one Demand Registration in any one 12 month period; provided, however, that a Registration shall not be deemed "effected" for purposes of this Section 4.1 until such time as a receipt has been issued by, or deemed to be issued by, the applicable Canadian Securities Regulator(s) for a final Prospectus pursuant to which all of the Registrable Shares included in the Demand Registration are to be distributed; provided however, that if the Investor withdraws, or does not pursue a request for a Demand Registration after (A) filing a preliminary Prospectus pursuant to which the Registrable Shares are to be distributed, or (B) the entering into of an enforceable bought deal letter or an underwriting or agency agreement in connection with the Demand Registration, then such Demand Registration shall be deemed to be effected and provided further that if the Investor withdraws its request for inclusion of its Registrable Shares at any time after having learned of a material adverse change in the condition or business of the Company, or if the Investor withdraws its request during the Suspension Period, the Investor shall not be deemed to have participated in or requested such Demand Registration;

(ii) a Demand Registration in respect of a number of Registrable Shares that is expected to result in gross proceeds of less than ***[Redacted – Commercially sensitive information.]*** to the Investor, unless such Demand Registration is in respect of all of the Registrable Shares owned by the Investor at such time; or

(iii) a Demand Registration before the 90th day following the date on which a receipt was issued to the Company with respect to any final Prospectus filed by the Company.

(d) The Company may postpone the filing of a Prospectus to effect a Demand Registration for a period of not more than 90 days (each, a "**Suspension Period**"), upon written notice to the Investor, in the event the Non-Investor Nominee Directors reasonably determine in good faith that either: (A) the filing of that Prospectus for the Demand Registration would materially impede the ability of the Company to consummate a *bona fide* transaction (including a financing, an acquisition, a disposition, a restructuring or a merger) or proceed with negotiations or discussions in relation thereto; (B) there exists at the time material non-public information relating to the Company or its Subsidiaries or Investees, the disclosure of which the Company believes would be materially adverse to the Company and its Subsidiaries and Investees, taken as a whole, and which the Company or its Subsidiaries or Investees are not otherwise required by applicable Law or regulations to disclose; or (C) the documents incorporated by reference therein require amendment or supplement to comply with Securities Laws, provided in the case of (C) such postponement shall be limited to the period of time reasonably required for the Company to make such amendment or supplement, but in no event for a period of more than 10 Business Days commending on the date on which the Company notified the Investor, or (D) a Blackout Period is in effect (each of (A), (B) and (C) and (D) a "**Valid Business Reason**") provided, however, that (i) the Company shall give written notice to the Investor of the time at which it determines the Valid Business Reason to no longer exist and shall proceed with the filing of the Prospectus unless requested otherwise by the Investor; and (ii) the Company shall not qualify or register any securities offered by the Company for its own account during the Suspension Period. For clarity, the Company will continue preparations for the filing of the Prospectus during the Suspension Period.

(e) The lead underwriter(s) for any offering in connection with a Demand Registration shall be selected by the Investor and shall be acceptable to the Company, acting reasonably, and the plan of distribution for such offering in connection with a

Demand Registration shall be selected by the Investor in consultation with the Company.

4.2 Demand Registration Request

Any Demand Registration Request delivered by the Investor pursuant to Section 4.1 hereof shall:

(a) specify the number of Registrable Shares that the Investor intends to offer and sell;

(b) express the intention of the Investor to offer or cause the offering of such Registrable Shares;

(c) describe the nature or methods of the proposed offer and sale thereof and the jurisdictions of Canada in which such offer shall be made;

(d) contain the undertaking of the Investor participating in such offering to provide all such information regarding their Common Share holdings and the proposed manner of distribution thereof, as may be reasonably required in order to permit the Company to comply with all Securities Laws; and

(e) specify whether such offer and sale shall be made by an underwritten public offering.

4.3 Piggyback Registration

(a) If the Company intends to prepare and file a Prospectus in Canada in connection with a proposed distribution by the Company of Common Shares for its own account, or for the account of any other securityholder whether pursuant to the exercise of registration rights by such other securityholder or otherwise, the Company shall give written notice thereof (including details of the number of Common Shares to be distributed, the minimum offering price per Common Share that the Company, acting reasonably, would be willing to accept in such distribution and the proposed timing and means of distribution) to the Investor as soon as practicable (and in any event no less than 15 Business Days if such distribution is not to be effected as a "bought deal" or three Business Days if such distribution is to be effected as a "bought deal") before the anticipated filing date of such Prospectus (or in the case of a "bought deal", the launch thereof) (the "**Piggyback Notice**"). In such event, the Investor shall be entitled, by notice (the "**Piggyback Request**") in writing given to the Company within 10 Business Days after the receipt of the Piggyback Notice (provided that, if such distribution is to be effected as a "bought deal", the Investor shall respond consistent with the time periods typical for transactions of that nature), to request that the Company cause any or all of the Registrable Shares held by the Investor to be included in such Prospectus (such Registration being hereinafter referred to as a "**Piggyback Registration**"). The Investor shall specify in the Piggyback Request the number of Registrable Shares which the Investor intends to offer and sell and include the undertaking of the Investor and any applicable Affiliate thereof to provide all such information regarding their Common Share holdings and the proposed manner of distribution of the Registrable Shares, as may be reasonably required in order to permit the Company to comply with all applicable Securities Laws.

(b) The Company shall include in each such Piggyback Registration all such Registrable Shares as directed by the Investor. Notwithstanding the foregoing, the Company shall not be required to include all such Registrable Shares in any such distribution:

(i) initiated by the Company for its own account if the Company is advised in writing by its lead underwriter(s) that the inclusion of all Common Shares proposed to be distributed for the Company's account, all such Registrable Shares and all Common Shares of any other securityholder may have an adverse effect on the distribution or sales price of the securities being offered by the Company, in which case, the number of Common Shares and other Registrable Shares to be included in such Prospectus will be limited to the Maximum Offering Size and the Company will include in such Registration, in the following priority, in the aggregate up to the Maximum Offering Size: (A) first, the number of Common Shares proposed to be distributed for the account of the Company that represents up to 85% of the Common Shares to be included in such Prospectus; and (B) second, all additional Common Shares proposed to be distributed for the account of the Company, all Registrable Shares requested to be qualified in the Piggyback Notice and all Common Shares of any other securityholder to be included in such Prospectus, on a *pro rata* basis based on the amount of Registrable Shares and other Common Shares requested to be included in such Prospectus; or

(ii) initiated by any other securityholder, if the other securityholder is advised by their lead underwriter(s) that the inclusion of all such Registrable Shares and the Common Shares proposed to be distributed for the Company's account or Common Shares of such other securityholder may have a material adverse effect on the distribution or sales price of the securities being offered by such other securityholder, in which case, the number of Registrable Shares, Common Shares for the account of the Company and the Common Shares of any other securityholder will be limited to the Maximum Offering Size and the Company will include in such Registration, in the following order of priority, in the aggregate up to the Maximum Offering Size: (A) first, all Common Shares proposed to be distributed for the account of the initiating securityholder, and (B) second, all Registrable Shares and Common Shares proposed to be distributed for the account of the Company on a *pro rata* basis based on the amount of Registrable Shares and Common Shares proposed to be distributed for the account of the Company requested to be included in such Prospectus.

(c) The Company may, at any time prior to the issuance of a receipt for a final Prospectus in connection with a Piggyback Registration, at its sole discretion and without the consent of the Investor, withdraw such Prospectus and abandon the proposed distribution in which the Investor has requested to participate pursuant to the Piggyback Request.

4.4 Registration Expenses

(a) In the case of the first ***[Redacted – Commercially sensitive information.]*** Demand Registrations, all Distribution Expenses shall be paid by the Company. In the case of any subsequent Demand Registration, all Distribution Expenses in respect of each subsequent Demand Registration after the first ***[Redacted – Commercially sensitive information.]*** shall be paid as to 50% by the Company and 50% by the Investor.

(b) In the case of a Piggyback Registration, all Distribution Expenses shall be paid by the Company.

(c) The Investor will pay all of its own Selling Expenses, the Company will pay all Selling Expenses of the Company and any other securityholder will pay all Selling Expenses of such securityholder, if any, in connection with any Demand Registration or Piggyback Registration, as the case may be.

4.5 Preparation; Reasonable Investigation

In connection with the preparation and filing of any Prospectus in connection with a Demand Registration or Piggyback Registration as herein contemplated:

(a) the Company will give the Investor, the underwriter(s) of such distribution, if any, and their respective counsel, auditors and other representatives, the opportunity to participate in the preparation of such documents and each amendment thereof or supplement thereto, and shall insert therein such material furnished to the Company in writing, which in the reasonable judgment of the Company and its counsel should be included, and will give each of them customary access to the Company's books and records and customary opportunity to discuss the business of the Company with its officers and auditors, and to conduct all customary due diligence which the Investor and the underwriters or underwriter, if any, and their respective counsel may require in order to conduct an investigation for purposes of establishing a due diligence defence as contemplated by applicable Securities Laws and to enable such underwriters to execute any certificate required to be executed by them in Canada for inclusion in such documents, provided that the Investor and the underwriters agree to maintain the confidentiality of such information; and

(b) the Investor shall furnish to the Company in writing such information as the Company reasonably requests for use in connection with any such Prospectus.

4.6 Indemnification

(a) *By the Company.* The Company agrees to indemnify and hold harmless, to the maximum extent permitted by Law, each holder of Registrable Shares, such holder's officers, directors, partners, members, managers, employees, advisors, sub-advisors, attorneys, agents and Representatives, and each Person who controls such holder (within the meaning of the British Columbia Securities Act) (collectively, the "**Investor Indemnified Parties**") against all losses (other than indirect or consequential damages, including loss of profit in connection with the distribution of the Registrable Shares), claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable attorney fees and expenses) caused by, resulting from, arising out of, based upon or related to any of the following statements, omissions or violations by the Company or any of its Representatives acting on its behalf: (i) any untrue or alleged untrue statement of material fact contained in any Prospectus or any amendment thereof or supplement thereto, in respect of a Demand Registration or Piggyback Registration, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading; or (ii) any violation or alleged violation by the Company or any of its Representatives of Securities Laws applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance. In addition, the Company will reimburse such Investor Indemnified Party for any legal or any other expenses reasonably incurred by it in connection with investigating or defending any such losses or in enforcing this indemnity. Notwithstanding the foregoing, the Company shall not be liable in any such case to the extent that any such losses result from, arise out of, are based upon, or relate to an untrue statement or alleged untrue statement, or omission or alleged omission, made in any such Prospectus, or in any application, in reliance upon, and in conformity with, written information prepared and furnished in writing to the Company by such Investor Indemnified Party expressly for use therein or by such Investor Indemnified Party's failure to deliver a copy of the Prospectus or any amendments or supplements thereto after the Company has furnished such Investor Indemnified Party with a sufficient number of copies of the same.

(b) *By the Investor.* The Investor agrees to indemnify and hold harmless, to the maximum extent permitted by Law, the Company, its directors and officers, directors, parents, members, managers, employees, advisors, sub-advisors, attorneys, agents and representatives and each Person who controls the Company (within the meaning of the British Columbia Securities Act) (collectively, the "**Company Indemnified Parties**") against all losses (other than indirect or consequential damages, including loss of profit in connection with the distribution of the Common Shares), claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable attorney fees and expenses) caused by, resulting from, arising out of, based upon or related to any of the following statements, omissions or violations by the Investor or any of its Representatives acting on its behalf: (i) any untrue or alleged untrue statement of material fact contained in any Prospectus or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information furnished in writing by the Investor expressly for inclusion in such Prospectus; or (ii) any violation or alleged violation by the Investor or its Representatives of Securities Laws applicable to the Investor and relating to action or inaction required of the Investor in connection with any such registration, qualification or compliance. In addition, the Investor will reimburse such Company Indemnified Party for any legal or any other expenses reasonably incurred by it in connection with investigating or defending any such losses or in enforcing this indemnity. Notwithstanding the foregoing, in no event shall any indemnity under this Section 4.6(b), inclusive of any reimbursement of expenses payable by the Investor, exceed an amount equal to the net proceeds received by the Investor (after deducting any discounts and commissions) in respect of the Registrable Shares sold pursuant to a Registration.

(c) *Claim Procedure.* Any Person entitled to indemnification hereunder shall: (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any Person's right to indemnification hereunder only to the extent such failure has not prejudiced the indemnifying party); and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel satisfactory to the indemnified party, acting reasonably. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent shall not be unreasonably withheld, conditioned or delayed). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel in each applicable jurisdiction for all parties indemnified by such indemnifying party with respect to such claim, unless in the opinion of outside counsel to any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. In such instance, the conflicted indemnified parties shall have a right to retain one separate counsel, chosen by the holders of a majority of the Registrable Shares included in the Registration if such holders are indemnified parties, at the expense of the indemnifying party.

(d) *Non-Exclusive Remedy; Survival.* The indemnification and contribution provided for under this Agreement shall be in addition to any other rights to indemnification or contribution that any indemnified party may have pursuant to Law or contract and shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and shall survive the Transfer of Registrable Shares and the termination or expiration of this Agreement.

(e) *Contribution.* The Company and the Investor also agree to make such provisions, as are reasonably requested by any indemnified party, for contribution to such party in the event the Company's or the Investor's, as applicable, indemnification is unavailable for any reason (other than, with respect to the Investor, as a result of the last sentence of Section 4.6(b)). Such provisions shall provide that the liability amongst the various Persons shall be allocated in such proportion as is appropriate to reflect the relative fault of such Persons in connection with the statements or omissions which resulted in losses (the relative fault being determined by reference to, among other things, which Person supplied the information giving rise to the untrue statement or omission and each Person's relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission) and, only if such allocation is not respected at Law, would other equitable considerations, such as the relative benefit received by each Person from the sale of the securities, be taken into consideration. Notwithstanding the foregoing, no Person guilty of fraudulent misrepresentation shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(f) *Release.* No indemnifying party shall, except with the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(g) *The Company is Trustee.* The Investor hereby acknowledges and agrees that, with respect to this Article 4, the Company is contracting on its own behalf and as agent for the Company Indemnified Parties referred to in this Article 4. In this regard, the Company will act as trustee for such Company Indemnified Parties of the covenants of the Investor under this Article 4 with respect to such Company Indemnified Parties and accepts these trusts and will hold and enforce those covenants on behalf of such Company Indemnified Parties.

(h) *The Investor is Trustee.* The Company hereby acknowledges and agrees that, with respect to this Article 4, the Investor is contracting on its own behalf and as agent for the Investor Indemnified Parties referred to in this Article 4. In this regard, the Investor will act as trustee for such Investor Indemnified Parties of the covenants of the Company under this Article 4 with respect to such Investor Indemnified Parties and accepts these trusts and will hold and enforce those covenants on behalf of such Investor Indemnified Parties.

4.7 Limitation on Subsequent Registration Rights

The Company shall not, without the prior written consent of the Investor, enter into any agreement with any holder or prospective holder of the Company's securities that grants such holder or prospective holder rights to include securities of the Company in any Prospectus under applicable Securities Laws, unless such rights are either *pro rata* with, or subordinated to, the rights granted to the Investor under this Agreement on terms reasonably satisfactory to the Investor.

4.8 U.S. Registration Rights

The Company covenants and agrees that, in the event the Company proposes to become a U.S. registrant at a time when the Investor is entitled to the rights set out in this Article 4, the Company will, as a condition to so becoming a U.S. registrant, either (i) provide an opinion of recognized U.S. securities law counsel confirming that the Registrable Shares will be freely tradeable in the United States or (ii) enter into a registration rights agreement with the Investor in a form acceptable to the Investor, acting reasonably, upon terms substantially similar to those provided in this Article 4 with respect to Demand Registrations and Piggyback Registrations.

ARTICLE 5
ADDITIONAL COVENANTS OF THE PARTIES

5.1 Standstill

(a) For a period of two years from Closing (the "**Standstill Period**"), the Investor covenants and agrees with the Company that, without the prior approval of a majority of the Non-Investor Nominee Directors, the Investor shall not, and shall cause its Affiliates not to, directly or indirectly, alone or acting jointly or in concert with any other Person, unless otherwise permitted by this Agreement:

(i) Transfer any of the Common Shares issued to the Relevant Investment Party pursuant to the Amalgamation Agreement or any Equity Securities acquired pursuant to the Pre-Emptive Right and/or Top-Up Right, other than (A) to an Affiliate or direct or indirect shareholder of the Investor, provided that such Affiliate or shareholder that directly acquires Common Shares will agree in writing to be bound by the provisions of this Section 5.1, provided that, if the transferee is Urano Luxco S.àr.l., the applicable Standstill Period shall be no longer than three months from the Effective Time; (B) by way of deposit under a *bona fide* take-over bid made by a third party in compliance with Securities Laws or in connection with a statutory plan of arrangement or other business combination involving the Company, in all cases that is approved by the Board; or (C) in the event that a change in Law or interpretation thereof gives rise to a reasonable prospect that the Investor's continued holding of Common Shares will be in breach of such Law (any such Transfer pursuant to (C) must: (X) only be for such reasonable amount of Common Shares as are required; and (Y) be accompanied by a written opinion of legal counsel, who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company and set forth the number of Common Shares which much be transferred and the reason such Transfer must occur);

(ii) acquire or agree to acquire or make any proposal or offer to acquire any Common Shares if completion of the acquisition would cause the Investor's Beneficial Ownership to exceed 50%;

(iii) enter into or offer to enter into or otherwise agree to be bound by a lockup, voting, support or other similar agreement with respect to any Common Shares beneficially owned by the Investor or any Affiliate thereof, or over which it exercises control or direction, with any third party**,** where the aggregate holdings of Common Shares of such third party, including any Persons acting jointly or in concert with such third party, together with the aggregate holdings of Common Shares of the Investor and its Affiliates, would, in the aggregate, exceed 50% of the then issued and outstanding Common Shares;

(iv) effect, seek, offer or propose any take-over bid or tender offer, or assist, advise, encourage or facilitate others to do so, which could result in any Person, including any Persons acting jointly or in concert with such Person, becoming the beneficial owner, directly or indirectly, of Common Shares representing more than 50% of the voting power of all of the Company's then-outstanding common equity (including any common equity beneficially owned by such Person on an as-converted, as-exercised or as-exchanged basis), provided that, for greater certainty, nothing shall prevent the Investor or its Affiliates from tendering to any offer made by a third party that is approved by the Board;

(v) request, requisition or call a special meeting of shareholders of the Company;

(vi) propose a shareholder proposal (under the applicable provisions of the Act) with respect to the Company;

(vii) vote any Common Shares held against any Company Nominee provided that such Company Nominee meets the qualification requirements to serve as a director under the Act, applicable Securities Laws and the applicable rules of any stock exchange on which the Common Shares are listed;

(viii) advise, assist (including by providing direct or indirect financial assistance), contact, encourage, or act jointly or in concert with any other Person to engage in any of the activities from which the Investor is restricted under this Section 5.1(a); or

(ix) make any public disclosure with respect to the foregoing, including, any consideration, intention, plan or arrangement inconsistent with any of the foregoing.

For certainty, for the purposes of this Section 5.1(a): (i) "vote against" includes submission by the Investor of a proxy or other voting instruction form pursuant to which the Investor specifically directs that its vote be withheld on a matter or otherwise casts a "withhold" vote on a matter but does not include the Investor abstaining from casting a vote on a matter altogether; (ii) the definition of "Transfer" does not include (A) any indirect Transfer of Common Shares via the Transfer of shares and/or quotas issued by BTG or any change of control of BTG; (B) any indirect Transfer of Common Shares via the Transfer of shares and/or quotas of any Affiliate of BTG which are indirectly shareholders of the Company or any change to the shareholding structure and/or corporate composition of any Affiliates of BTG which are indirectly shareholders of the Company, unless such Transfer has as its only or substantially only transferred underlying asset, the Common Shares held by the Investor or (C) any direct or indirect Transfer of equity interests in the Investor among the direct or indirect shareholders of the Investor, provided that, in the case of (B) or (C), BTG and/or its Affiliates continue to have a direct equity interest in the Investor of greater than 50%.

(b) For certainty, nothing in Section 5.1(a) will prohibit the Investor or its Affiliates from (i) making one or more confidential proposals to the Board relating to any transaction that would require approval by the Board, (ii) participating in rights offerings made by the Company to all holders of its Common Shares, (iii) receiving any dividends or similar distributions with respect to any securities of the Company or any of its Subsidiaries held by the Investor; or (iv) unless expressly specified in

Section 5.1(a), voting any securities of the Company held in the sole discretion of the Investor.

5.2 Approval Rights

(a) As long as the Beneficial Ownership of the Investor is equal to or greater than 20%, the Company shall not, directly or indirectly, without the prior written approval of the Investor:

(i) (A) make any changes to the Company's policy with respect to the declaration and payment of any dividends (the "**Dividend Policy**"), except if and to the extent that a reduction in the dividend is required by Law, or (B) declare or pay any dividends or other distributions other than in accordance with the Dividend Policy;

(ii) other than issuances in connection with the conversion, exchange, exercise or vesting of awards issued in the normal course pursuant to the LTIP Plan, issue or agree to issue any Common Shares at a price per Common Share (or any Convertible Securities with a conversion price per Common Share) that is more than a 10% discount to the volume-weighted average trading price of the Common Shares on the TSX, or such other stock exchange where the majority of the trading volume and value of the Common Shares occurs, for the 30 trading days immediately preceding the announcement of the issuance;

(iii) issue a number of Equity Securities or any combination thereof in a single issuance or series of related issuances that, assuming the exercise, exchange or conversion of any such exercisable, exchangeable or convertible securities, would result in the issuance of a number of Common Shares representing 20% or more of the Common Shares issued and outstanding, on a non-diluted basis, immediately prior to such issuance;

(iv) acquire any shares or similar equity interests (or instruments convertible into or exchangeable for shares or similar equity interests), assets, business or operations, in a single transaction or a series of related transactions, whether by purchase, take-over bid, tender offer, amalgamation, merger, arrangement, business combination, reorganization, restructuring or any other manner, that at time of entering into the definitive agreement in respect of any such transaction has an aggregate value (including any assumed debt) of more than 25% of the Company's Market Capitalization; provided that, for the avoidance of doubt, an acquisition of issued and outstanding securities of the Company by a third party in exchange for consideration paid by such third party shall not require a consent of the Investor pursuant to this Section 5.2.

(b) In the event that (i) at any point the Beneficial Ownership of the Investor is less than 20% and (ii) (A) if the reason for the decrease below 20% Beneficial Ownership is a sale, transfer or other disposition of Common Shares by the Investor or any of its Affiliates, 30 days have passed without the Investor's Beneficial Ownership increasing to be equal to or greater than 20% or (B) if the reason for the decrease below 20% Beneficial Ownership is an issuance of new Common Shares by the Company to which the Pre-Emptive Right did not apply, 150 days have passed without the Investor's Beneficial Ownership increasing to be equal to or greater than 20%, the approval rights granted to the Investor pursuant to this Section 5.2 shall immediately terminate, and such rights shall not be reinstated in the event that the Beneficial Ownership of the Investor increases thereafter to be equal to or greater than 20%.

5.3 Business Opportunities

(a) Subject to Section 5.3(h), from the Closing until the Beneficial Ownership of the Investor is less than 20%, the Investor shall, for itself and on behalf of the Relevant Investment Parties, present to the Company all Business Opportunities as may be required in accordance with this Section 5.3.

(b) From the Closing until the Beneficial Ownership of the Investor is less than 20%, if both:

(i) any Relevant Investment Party generates, or is presented with, a Business Opportunity; and

(ii) such Business Opportunity is first put to the Operating Committee of BTG, being the key operational committee comprising directors and/or statutory officers of BTG (including the heads of the main business units of BTG) that makes organizational decisions regarding investment opportunities for BTG and its subsidiaries and which typically meets on a weekly basis, or any equivalent successor committee,

then:

(iii) subject to Section 5.3(b)(v), the Investor shall, as soon as practicable and in any event within five Business Days of the Business Opportunity being put to the Operating Committee of BTG as referred to in Section 5.3(b)(ii), provide an Opportunity Notice to the Company in respect of such Business Opportunity;

(iv) subject to Section 5.3(b)(v), following the delivery of an Opportunity Notice to the Company, the Investor shall not, and shall ensure the Relevant Investment Parties shall not, engage with the third party that is the subject of, or the owner of, the Business Opportunity (or its advisers) regarding the Business Opportunity or enter into, or agree to enter into, any agreement or arrangement in respect of the Business Opportunity; and

(v) notwithstanding the foregoing, prior to the delivery of an Opportunity Notice, the Relevant Investment Party shall be entitled to (i) engage with the third party that is the subject of, or the owner of, a potential Business Opportunity (or its advisers) in order to understand the potential Business Opportunity and (ii) enter into a confidentiality agreement in respect of a potential Business Opportunity, provided that the Relevant Investment Party shall use its commercially reasonable efforts to procure that the applicable disclosing party permits disclosure to the Company of any confidential information to be included in the Opportunity Notice and, if requested by the disclosing party, the Company will enter into a confidentiality agreement directly with the disclosing party prior to receiving the Opportunity Notice, provided that, in all cases, the Investor uses its commercially reasonable efforts to expedite delivery of an Opportunity Notice where engagement with the relevant Business Opportunity is subject to a short timeframe.

(c) Upon the receipt by the Company of the Opportunity Notice, management of the Company shall as promptly as practicable, and in any event within 15 Business Days following the date on which the Opportunity Notice was received by the Company, make an initial determination either to proceed to pursue such Business Opportunity or to not so proceed. If the Company does not provide written notice that it intends to pursue the opportunity (a "**Notification of Pursuit**") within the timeframe provided for in this Section 5.3(c), it shall be deemed to have provided a Rejection Notice in respect of such Business Opportunity and the provisions of Section 5.3(e) shall apply.

(d) If, pursuant to Section 5.3(c), the Company elects to proceed and pursue the Business Opportunity:

(i) the Company shall undertake such activities in relation to the evaluation, negotiation, entry into and completion of the Business Opportunity as deemed appropriate by management of the Company and, as applicable, the Board in their absolute discretion, provided that the Company shall be under no obligation to consummate or otherwise participate in such Business Opportunity except pursuant to any definitive agreement entered into by the Company (or any of its wholly-owned Affiliates) in respect thereof; and

(ii) no Relevant Investment Party shall have the right to participate in the evaluation, negotiation, entry into and completion of the Business Opportunity (other than the rights afforded to the Investor pursuant to Article 2 and Section 5.2).

(e) If, at any time prior to entering into a definitive agreement to effect a Business Opportunity, the Company elects not to pursue such Business Opportunity or the third party which is the subject of, or the owner of, the Business Opportunity indicates (either directly or through its advisors) that the Company has been rejected as a potential counterparty for the Business Opportunity, the Company shall, as soon as reasonably practicable, provide notice of same to the Investor (a "**Rejection Notice**").

(f) After receipt or deemed receipt of a Rejection Notice, a Relevant Investment Party may freely engage with, pursue, negotiate and enter into one or more definitive agreements with respect to, and complete such Business Opportunity (each, a "**Rejected Opportunity**"), and the Company shall, and shall cause its Subsidiaries and advisors to, cease any engagement or negotiation with the counterparties to the Rejected Opportunity in respect of the Rejected Opportunity and will not enter into any definitive agreements with respect to such Rejected Opportunity.

(g) Upon reasonable request from the Investor following receipt of a Rejection Notice, the Company shall use commercially reasonable efforts to provide or procure the provision to the Investor (i) access to any materials and information provided by the target of the Business Opportunity and (ii) on a non-reliance basis, all diligence materials in the possession of the Company or its Affiliates that have been prepared by third parties in relation to the Business Opportunity, subject to any obligations of confidentiality to which the Company or its Affiliates are bound, provided that the Company shall use its commercially reasonable efforts to procure that such confidentiality agreement permits disclosure of all confidential information to the Relevant Investment Parties (in which case the applicable Relevant Investment Parties shall keep the confidential information confidential in accordance with the terms of such confidentiality agreement and otherwise comply with any terms of the confidentiality agreement applicable to it as a permitted disclosee). Any additional costs that arise as a result of the Investor's request under this Section 5.3(g) shall be borne by the Investor.

(h) The Company acknowledges and agrees that:

(i) the Investor and its Affiliates comprise a full service securities firm, investment and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing, as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals;

(ii) in the ordinary course of the business of the Investor and its Affiliates, they may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations); and

(iii) this Section 5.3 is not seeking to restrict the normal operation of the business of the Investor and its Affiliates, other than the making of proprietary investments by or on behalf of each of the Relevant Investment Parties, acting as principal and on its own account, such that the Investor and its Affiliates may perform any acts, actions or transactions in the ordinary course of its business as a full service securities firm, investment and commercial bank, each of which are hereby expressly permitted and shall therefore not constitute a breach of this Section 5.3, including:

(A) the granting of any loan or debt financing to any Person engaged in a Covered Business;

(B) the acquisition of any debt instrument issued by any Person that is a Covered Business;

(C) the acquisition or commitment for the acquisition of any shares, quotas, membership interests and/or any other economic interest and/or equity or convertible securities of any Person that is a Covered Business in the ordinary course of business relating to the underwriting, placement, distribution or offering of securities, including as part of capital market transactions or total return swaps or any transaction made on behalf or on the account of clients;

(D) the acquisition of any shares, quotas, membership interests and/or any other economic interest and/or equity or convertible securities of any Person that is a Covered Business in the context of any pledge, chattel mortgage, fiduciary sale or other security interest or lien on such shares or quotas interests as guarantee or collateral for any loan or financing;

(E) the rendering of investment banking services in respect of mergers and acquisitions, equity capital market and debt capital market transactions, as well as broker dealer services;

(F) the carrying out of activities as manager, administrator or general partner of investment funds, partnerships, investment clubs or portfolio investments, asset management and wealth management;

(G) investments through pension plan investments or indirect interests through passive investments in broad-based mutual funds and similar investment vehicles managed by third parties; and

(H) the subscription for or acquisition of any equity securities of any publicly held Person or equity securities listed on a stock exchange, over-the-counter market or any other organized or regulated market as principal; provided that if such Person is a Covered Business, the Relevant Investment Parties do not (A) hold securities representing more than 7.5% of the entire issued equity securities of such Person, (B) appoint directors and/or officers of such Person, or (C) pursuant to any agreement or other arrangement, have enhanced shareholder rights in respect of such Person.

5.4 Information and Inspection Rights

(a) With effect on and from the Effective Time, the Company shall provide the Investor and its Representatives with reasonable access, upon reasonable notice and during normal business hours, to the Company's and its Subsidiaries' books and records so that the Investor may comply with the Investor's banking, tax, financial reporting and other regulatory obligations; provided that (i) any such access shall be conducted in such a manner as not to interfere unreasonably with the operation of the Company and its Subsidiaries and investees (the "**Company Parties**"), (ii) the Investor shall be responsible for any damage to any real property owned or leased by the Company Parties or any other assets or property of the Company Parties caused by the Investor or any of its Representatives; and (iii) the Company shall not be required to confer, afford such access or furnish such copies or other information (A) to the extent that doing so would result in the breach of any confidentiality or similar agreement to which any of the Company Parties is a party or (B) the disclosure of which would reasonably be expected to result in the loss or impairment of solicitor-client privilege; provided, in the case of (A) and (B), that the Company shall identify any such information or materials to which access is not provided and use its commercially reasonable efforts to allow for such access or disclosure in a manner that does not result in a breach of such agreement or a loss of solicitor-client privilege, or (C) in person at the Company's offices more than twice per annum.

(b) The Company shall co-operate with the Investor and its Affiliates in timely providing any necessary documentation (e.g., tax certificates) and completing any procedural formalities (e.g., apostille) that are prescribed by Law or are reasonably required by the Investor or any of its Affiliates to claim any tax credit.

5.5 Anti-Bribery, AML and Export Controls Compliance

The Company covenants to, and to cause its Subsidiaries to: (a) conduct business in compliance with Anti-Corruption Laws and Export Controls, (b) promptly implement and/or maintain a reasonable anti-corruption and Export Controls compliance program and adhere to the requirements of that program in all material respects; (c) to the extent legally permissible, promptly notify the Investor of any investigation, enquiry or enforcement action initiated by a Governmental Entity relating to a suspected, alleged or actual violation of the Anti-Corruption Laws, AML Laws or Export Controls; and (d) promptly respond in reasonable detail to any request by the Investor for information or documents relating to the Company's compliance with this Section 5.5.

5.6 Listing of Common Shares

The Company shall, unless the Investor expressly consents in writing otherwise:

(a) not take any action which would reasonably be expected to result in the delisting or suspension of the Common Shares on or from any stock exchange, market or trading or quotation facility on which the Common Shares are now or are then listed or quoted;

(b) use its commercially reasonable efforts to remain a reporting issuer in good standing under Canadian Securities Laws; and

(c) use its commercially reasonable efforts to maintain its corporate existence under the Act,

provided that this covenant shall not apply to any merger, amalgamation, arrangement, take-over bid, going private transaction or other similar transaction involving the purchase or sale of all of the outstanding Common Shares for cash or securities of an entity listed on an internationally recognized stock exchange.

5.7 Ownership Certificate

The Investor agrees to deliver to the Company a written certificate signed by an officer of the Investor (the "**Ownership Certificate**"), certifying as to the number of Common Shares directly and/or indirectly beneficially owned and/or controlled by each Relevant Investment Party and any other Persons acting jointly or in concert with each Relevant Investment Party, as at the date of such certificate, such Ownership Certificate to be delivered to the Company as reasonably requested from time to time, together with any supporting documentation reasonably requested by the Company.

5.8 Confidentiality

(a) The Investor will, and will cause its Affiliates and Representatives to, keep confidential and will treat confidentially all Confidential Information. The Investor agrees that it will, and will cause its Affiliates and Representatives to, not disclose any Confidential Information nor use any Confidential Information other than for the purposes of monitoring, administering or managing the Investor's investment in the Company; provided that the Investor may, subject to compliance with the terms hereof, disclose the Confidential Information to (i) its Affiliates or Representatives (including any Investor Nominee); or (ii) a *bona fide* potential acquiror of any of the Investor's or its Affiliates' interest in the Company that has entered into a customary non-disclosure agreement (a "**Potential Purchaser**").

(b) As a condition to the furnishing of Confidential Information to an Affiliate or Representative of the Investor, the Investor shall advise such Affiliate or Representative of the confidential nature of and restriction on use of the information disclosed. The Investor agrees that it will be fully responsible for any breach of this Section 5.8 by such Affiliates or Representatives or Potential Purchasers as if such Affiliates or Representatives or Potential Purchasers are an original party hereto. In addition, the Investor will take commercially reasonable steps to ensure that Confidential Information is not disclosed to any other Person or used in a manner contrary to this Agreement, and, to the extent reasonably practicable, promptly notify the Company of any unauthorized disclosure of Confidential Information or breach of this Agreement known to the Investor.

(c) The Investor hereby acknowledges that Securities Laws impose restrictions on its ability to purchase, sell, trade or otherwise Transfer securities of the Company until such time as material, non-public information received by the Investor becomes publicly available or is no longer material, and the Investor further hereby agrees to comply with all such restrictions and to inform those of its Affiliates and Representatives provided with any Confidential Information of such restrictions.

(d) The term Confidential Information shall exclude any information that: (i) was generally available to the public prior to the date hereof; (ii) becomes generally available to the public (through no violation hereof by the Investor or its Affiliates or Representatives); (iii) was within the Investor's or its Affiliates' or Representatives' possession prior to it being furnished to the Investor or its Affiliates or Representatives by or on behalf of the Company, provided that such information is not, to the Investor's knowledge, subject to any contractual, legal or fiduciary obligations of confidentiality to the Company that would prevent its use or disclosure; (iv) is obtained by the Investor or its Affiliates or Representatives from a third party who, to the Investor's knowledge, at the time of disclosure, is not prohibited by an obligation to the Company from disclosing such information on a non-confidential basis to the Investor or its Affiliates or Representatives; (v) was independently developed by the Investor or its Affiliates or Representatives, or on the Investor's behalf, without use of or reference to the Confidential Information; or (vi) is expressly permitted in writing by the Company to be disclosed to third parties on a non-confidential basis.

(e) Nothing in this Section 5.8 grants or is to be construed as granting the Investor any title, ownership, license or other right of interest with respect to the Confidential Information. The Company retains all right, title and interest in and to the Confidential Information.

(f) If the Investor or any of its Affiliates or Representatives is requested or required to disclose any Confidential Information in connection with any legal or administrative proceeding or investigation (including pursuant to the terms of a subpoena or order issued by a court of competent jurisdiction or a regulatory or self-regulatory body), or is requested or required by Law to disclose any Confidential Information, the Investor or such Affiliate or Representative, as applicable, will provide the Company with prompt written notice of any such request or requirement, to the extent reasonably practicable and not prohibited by Law, so that the Company has an opportunity to seek a protective Order or other appropriate remedy, at the Company's cost and expense. The Investor or such Affiliate or Representative, as applicable, shall disclose only that portion of the Confidential Information that is necessary to disclose in order to comply with such request or requirement. If the Company has not secured a protective Order or other appropriate remedy, and the Investor or such Affiliate or Representative is nonetheless required by Law to disclose any Confidential Information, the Investor or such Affiliate or Representative, as applicable, may, without liability hereunder, disclose only that portion of the Confidential Information that is necessary to be disclosed.

5.9 Privilege

The provision of any information pursuant to this Agreement shall not be (and shall be deemed not to be) a waiver of any privilege, including privileges arising under or related to the attorney- or solicitor-client privilege or any other applicable privileges.

5.10 Certain Transactions

In the event of any stock split, reverse stock split, subdivision, change in share structure or any change in the Common Shares by reason of any internal reorganization by the Company or its wholly-owned Subsidiaries, (i) the terms "Common Shares" used herein shall, as applicable, be deemed to refer to and include all such other securities into which or for which any or all of such securities may be changed or exchanged or which are received in such transaction and (ii) the Company agrees that appropriate adjustments shall be made to this Agreement to ensure that the Investor has, immediately after consummation of such transaction, substantially the same rights with respect to the Company or another issuer of securities, as applicable, as they have immediately prior to the consummation of such transaction under this Agreement.

ARTICLE 6
MISCELLANEOUS

6.1 Termination

The term of this Agreement shall commence on the date of this Agreement and shall continue until terminated. This Agreement shall automatically terminate if (i) prior to Effective Time, the Amalgamation Agreement is terminated in accordance with its terms or (ii) following the Effective Time, the Beneficial Ownership of the Investor is less than 10%.

6.2 Survival

Notwithstanding Section 6.1, Article 1 (Interpretation), Section 2.1(m) (Director Indemnification and Insurance), Section 2.1(s) (Information Sharing), Section 4.4 (Registration Expenses), Section 4.6 (Indemnification), Section 5.8 (Confidentiality) and this Article 6 (Miscellaneous) shall survive the termination of this Agreement and shall remain in full force and effect (provided that Section 2.1(m) will only survive for six years from termination). No termination of this Agreement shall constitute a termination or a waiver of any rights of either party against the other party accruing at or prior to the time of such termination.

6.3 Notices

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in Person, transmitted by e-mail or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

(i) in the case of the Investor:

BTG Pactual Oil & Gas S.a.r.l.
46A, Avenue J.F. Kennedy,
L-1855 Luxembourg,
Grand Duchy of Luxembourg

Attention: Edwyn Neves / Felipe Giannattasio / Legal Department
Email: ***[Redacted – Personal contact information.]***

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Toronto, ON, Canada
M5L 1A9

Attention: Richard Turner
E-mail: richard.turner@blakes.com

and

Herbert Smith Freehills LLP
Exchange House, 12 Primrose Street
London, England EC2A 2EG

Attention: Mark Bardell
E-mail: mark.bardell@hsf.com

(ii) in the case of the Company:

Africa Oil Corp.
c/o 666 Burrard Street, Suite 2500
Vancouver, BC, Canada
V6C 2X8

Attention: Chief Legal Officer & Corporate Secretary
E-mail: ***[Redacted – Personal contact information.]***

with a copy (which shall not constitute notice) to:

Torys LLP
525 – 8th Avenue S.W., 46th Floor, Eight Avenue Place East
Calgary, AB T2P 1G1

Attention: Janan Paskaran
E-mail: jpaskaran@torys.com

and

Bracewell (UK) LLP
Tower 42, 25 Old Broad Street
London, England EC2N 1HQ

Attention: Darren Spalding
E-mail: darren.spalding@bracewell.com

(b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted by email or personally by hand (or, if such day is not a Business Day or if delivery or transmission is made on a Business Day after 5:00 p.m. at the place of receipt, then on the next following Business Day) or, if mailed by internationally recognized overnight courier, on the Business Day following the date of mailing; provided, however, that if at the time of mailing or within two Business Days thereafter there is or occurs a labour dispute or other event which might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid.

(c) Any party may at any time change its address for service from time to time by giving notice to the other parties in accordance with this Section 6.3.

6.4 Amendments and Waiver

No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

6.5 Assignment; Transfer of Rights

(a) No party may assign any of its rights or benefits under this Agreement, or delegate any of its duties or obligations, except with the prior written consent of the other party, which consent may be withheld in its sole discretion, except as otherwise provided herein.

(b) Notwithstanding the foregoing, the Investor may assign and transfer its rights, benefits, duties and obligations under this Agreement, in whole, without the consent of the Company, to any Affiliate of the Investor, provided that (i) prior to any such assignment, the Investor shall transfer all of the Common Shares it holds to such Affiliate; and (ii) any such Affiliate shall, prior to any such assignment, agree to be bound by all of the covenants of the Investor contained herein and comply with the provisions of this Agreement that were applicable to the Investor, and shall deliver to the Company a duly executed undertaking to such effect in form and substance satisfactory to the Company, acting reasonably. However, if, at any time, the Investor's Affiliate ceases to be an Affiliate of the Investor, such Affiliate must assign its rights and obligations under the provisions of this Agreement back to the Investor, at no cost to the Company.

6.6 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by and against the parties and their respective successors and permitted assigns.

6.7 No Partnership

Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any party hereto as a partner of any other party hereto in the conduct of any business.

6.8 Further Assurances

Each of the parties hereto shall, from time to time hereafter and upon any reasonable request of the other, promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things as may be required or necessary for the purposes of giving effect to this Agreement.

6.9 Right to Injunctive Relief

Each of the parties hereby acknowledges and agrees that in the event of a breach or threatened breach of any of its covenants hereunder, the harm suffered would not be compensable by monetary damages alone and, accordingly, in addition to other available legal or equitable remedies available to such party, the Investor (in respect of any breach of this

Agreement by the Company) and the Company (in respect of any breach of this Agreement by the Investor) shall be entitled to apply for an injunction or specific performance with respect to such breach or threatened breach, without proof of actual damages (and without the requirement of posting a bond, undertaking or other security in connection with such action), and each of the parties hereby agrees not to plead sufficiency of damages as a defence in such circumstances.

6.10 Counterparts

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts (including by email or scanned pages), with the same effect as if all parties had signed and delivered the same document, and all counterparts shall be construed together to be an original and will constitute one and the same agreement. Electronic signatures and electronic pdf signatures (including by email or scanned pages) shall be acceptable as a means of executing such documents.

(The remainder of this page is intentionally left blank; signature page follows.)

IN WITNESS WHEREOF, this Agreement has been executed by the parties on the date first written above.

BTG PACTUAL OIL & GAS S.A.R.L.

By: ***[Redacted – Signature.]***
Name: ***[Redacted – Personal information.]***
Title: ***[Redacted – Personal information.]***

AFRICA OIL CORP.

By: ***[Redacted – Signature.]***
Name: ***[Redacted – Personal information.]***
Title: ***[Redacted – Personal information.]***

SCHEDULE A
REGISTRATION PROCEDURES

1. Registration Procedures

In connection with the Demand Registration and Piggyback Registration obligations pursuant to the Agreement, the Company will use commercially reasonable efforts in accordance with the Agreement to effect the qualification for the offer and sale or other disposition or distribution of Registrable Shares in one or more Canadian jurisdictions, as directed by the Investor in the case of a Demand Registration, and in pursuance thereof, the Company will as expeditiously as reasonably possible:

(a) prepare and file, in the English language and, if an offering is contemplated in Quebec, the French language, with the applicable Canadian Securities Regulator(s) a Prospectus under and in compliance with the applicable Securities Laws, relating to the applicable Demand Registration or Piggyback Registration, including all exhibits, financial statements and such other related documents required by the applicable Canadian Securities Regulator(s) to be filed therewith, and use its commercially reasonable efforts to cause the applicable Canadian Securities Regulators to issue a receipt for such Prospectus (unless such Prospectus is a prospectus supplement); and the Company will furnish to the Investor and the underwriter(s), if any, copies of such Prospectus and any amendments or supplements thereto, in the form filed with the applicable Canadian Securities Regulator(s), promptly after the filing of such Prospectus, amendments or supplements;

(b) prepare and file with the applicable Canadian Securities Regulator(s) such amendments and supplements to the Prospectus as may be necessary to complete the distribution of all such Registrable Shares and as required under applicable Securities Laws;

(c) notify the Investor and the lead underwriter(s), if any, and (if requested) confirm in writing, as soon as practicable after notice thereof is received by the Company: (i) when the Prospectus or any amendment thereto has been filed or a receipt has been issued, and furnish the Investor and lead underwriter(s), if any, with copies thereof; (ii) of any request by any Canadian Securities Regulator for amendments to the Prospectus or for additional information; (iii) of the issuance by any of the Canadian Securities Regulators of any stop order or cease trade order relating to the Prospectus or any order preventing or suspending the use of any Prospectus or the initiation or threatening of any proceedings for such purposes; and (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Shares for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(d) promptly notify the Investor and the lead underwriter(s), if any, when the Company becomes aware of the happening of any event as a result of which the Prospectus contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein when such Prospectus was delivered not misleading (in light of the circumstances under which they were made), fails to constitute full, true and plain disclosure of all material facts regarding the Registrable Shares when such Prospectus was delivered or if for any other reason it will be necessary during such time period to amend or supplement the Prospectus in order to comply with Securities Laws and, in such a case, as promptly as practicable prepare and file with the applicable Canadian Securities Regulator(s), and furnish to the Investor and the lead underwriter(s), if any, a supplement or amendment to such Prospectus which will correct such statement or omission or effect such compliance;

(e) use commercially reasonable efforts to obtain the withdrawal of any stop order, cease trade order or other order against the Company or affecting the securities of the Company suspending the use of any Prospectus or suspending the qualification of any Registrable Shares covered by the Prospectus, or the initiation or the threatening of any proceedings for such purposes;

(f) provide the Investor and its counsel with a reasonable opportunity to review and provide comments to the Company on the Prospectus and any amendment or supplement thereto, which comments shall be considered for inclusion therein in good faith by the Company;

(g) deliver to the Investor and the underwriter(s), if any, without charge, as many commercial copies of the Prospectus and any amendment or supplement thereto as such Persons may reasonably request (it being understood that the Company consents to the use of the Prospectus or any amendment or supplement thereto by the Investor and the underwriters, if any, in connection with the offering and sale of the Registrable Shares covered by the Prospectus or any amendment or supplement thereto);

(h) in connection with any underwritten offering, enter into customary agreements, including an underwriting agreement with the underwriter(s), such agreements to contain such representations and warranties by the Company and such other terms and provisions as are consistent with those contained in underwriting agreements previously entered into by the Company or customarily contained in underwriting agreements with respect to secondary distributions and indemnification provisions and/or agreements substantially consistent with those contained in underwriting agreements previously entered into by the Company and with the Agreement or customarily contained in underwriting agreements with respect to secondary distributions, but in any event, which agreements will contain provisions for the indemnification by the underwriter(s) in favour of the Company with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Prospectus included in reliance upon and in conformity with written information furnished to the Company by any underwriter;

(i) as promptly as practicable after filing with the applicable Canadian Securities Regulator(s) any document which is incorporated by reference into the Prospectus, provide copies of such document to the Investor and its counsel and to the lead underwriter(s), if any;

(j) use its commercially reasonable efforts to obtain a customary legal opinion, in the form and substance as is customarily given by external company counsel in securities offerings, addressed to the Investor and the underwriter(s), if any, and such other Persons as the underwriting agreement may reasonably specify, and a customary “comfort letter” from the Company’s auditor and/or the auditors of any financial statements included or incorporated by reference in a Prospectus;

(k) furnish to the Investor and the underwriter(s), if any, and such other Persons as the Investor may reasonably specify, such corporate certificates, satisfactory to the Investor, acting reasonably, as are customarily furnished in securities offerings, and, in each case, covering substantially the same matters as are customarily covered in such documents in the relevant jurisdictions and such other matters as the Investor may reasonably request; and

(l) provide and cause to be maintained a transfer agent and registrar for such Registrable Shares not later than the date a receipt is issued for a final Prospectus by the applicable Canadian Securities Regulator(s) and use its best efforts to cause all Common Shares covered by the Prospectus to be listed on each stock exchange or automated quotation system on which similar securities issued by the Company are then listed.

2. Investor Obligations

The Investor will furnish to the Company such information and execute such documents regarding the Registrable Shares and the intended method of disposition thereof as the Company may reasonably require in order to effect the requested qualification for sale or other disposition. The Investor will promptly notify the Company if the Investor becomes aware of the happening of any event (insofar as it relates to the Investor or information furnished by it in writing for inclusion in the applicable Prospectus) as a result of which the Prospectus contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement therein not misleading in light of the circumstances under which they are made. In addition, the Investor shall, if required under applicable Securities Laws, execute any certificate forming part of a Prospectus to be filed with the applicable Canadian Securities Regulator(s).

SCHEDULE C
AFRICA OIL PRO FORMA FINANCIAL STATEMENTS

(see attached)

Unaudited Pro Forma Condensed Consolidated Financial Information

On June 23, 2024, Africa Oil Corp. ("Africa Oil" or the "Company") and BTG Pactual Oil & Gas S.à r.l. ("BTG Oil & Gas") entered into an Agreement (the "Amalgamation Agreement") to reorganize the shareholding structure of Prime Oil & Gas Coöperatief U.A. ("Prime") whereby BTG Oil & Gas will exchange its 50% interest in Prime, held through its fully owned subsidiary BTG Pactual Holding S.à r.l. ("BTG"), for newly issued Common Shares in the Company. Under the Amalgamation Agreement, Africa Oil will acquire 100% of the outstanding shares of BTG in exchange for 239,828,655 newly issued Common Shares in the Company.

The unaudited pro forma condensed consolidated balance sheet gives effect to the amalgamation as if such had closed on June 30, 2024. The unaudited pro forma condensed consolidated statements of net income for the six months ended June 30, 2024, and for the year ended December 31, 2023, give effect to the amalgamation as if such had closed on January 1, 2023.

The unaudited pro forma condensed consolidated financial information has been derived from, and should be read in conjunction with; (i) the unaudited condensed consolidated interim financial statements of Africa Oil as at and for the three and six month periods ended June 30, 2024, (ii) the audited consolidated financial statements of Africa Oil as at and for the year ended December 31, 2023, (iii) the unaudited condensed interim financial statements of BTG as at and for the three and six month periods ended June 30, 2024, (iv) the audited financial statements of BTG as at and for the year ended December 31, 2023, (v) the unaudited interim condensed consolidated financial statements of Prime as at and for the three and six month periods ended June 30, 2024, and (vi) the audited special purpose consolidated financial statements of Prime as at and for the year ended December 31, 2023.

The unaudited pro forma condensed consolidated financial information is presented for informational purposes only and is not necessarily indicative of the financial position and results of operations that would have been achieved had the amalgamation occurred on the dates indicated. The unaudited pro forma condensed consolidated financial information includes pro forma adjustments for which there are firm commitments whereby the complete financial effects are objectively determinable, as well as adjustments to conform BTG's and Prime's financial information to Africa Oil's accounting policies. The pro forma adjustments are based on available information and certain assumptions that the Company believes are reasonable in the circumstances, as described in the notes to the unaudited pro forma condensed consolidated financial information. The unaudited pro forma condensed consolidated statements of net income include adjustments that are expected to have a continuing impact on the condensed consolidated results but excludes adjustments arising from non-recurring events of the amalgamation, that are not expected to continue in future periods. The unaudited pro forma condensed consolidated balance sheet includes adjustments that are directly attributable to the amalgamation and factually supportable, regardless of whether they have a continuing effect or are non-recurring. The unaudited pro forma condensed consolidated financial information does not give effect to potential cost savings and operational synergies, if any, that may result from the amalgamation or the costs to achieve these costs savings and operating synergies.

The unaudited pro forma information presented, including allocation of purchase price, is based on preliminary estimates of fair values of assets acquired and liabilities assumed, available information and assumptions that management of Africa Oil believes are reasonable under the circumstances and may be revised as additional information becomes available. The actual adjustments to the consolidated financial statements of the Company upon the closing of the amalgamation will depend on a number of factors, including additional information available, the net assets of BTG and Prime on the closing date of the amalgamation and the Africa Oil share price on the closing of the amalgamation. Therefore, the actual adjustments will differ from the pro forma adjustments and the differences may be material. For example, the final purchase price is dependent on the Africa Oil share price on the closing of the amalgamation and the final purchase price allocation is dependent on, among other things, the finalization of asset and liability valuations. Any adjustment may change the allocation of the purchase price, which could affect the fair value assigned to the assets and liabilities and could result in a change to the unaudited pro forma condensed consolidated financial information. Neither the assumptions underlying the preparation of the unaudited pro forma condensed consolidated financial information nor the resulting unaudited pro forma condensed consolidated financial information have been audited.

Africa Oil Corp.
Pro Forma Condensed Consolidated Statement of Financial Position
As at June 30, 2024
(Expressed in millions of United States dollars)

	Historical				
	AOC	**BTG**	**Pro forma Adjustments**	**Notes**	**Pro forma Consolidated**
Assets					
Non-current assets					
Oil and gas properties	27.3	-	1,962.8	3(a)	2,193.5
			203.4	3(c)	
Other tangible fixed assets	3.5	-			3.5
Equity investment in joint venture	587.7	585.1	(660.4)	3(c)	-
			(257.5)	3(d)	
			(254.9)	3(d)	
Equity investment in associates	112.7	-			112.7
Other receivables	-	-	0.1	3(a)	0.1
Total non-current assets	**731.2**	**585.1**	**993.5**		**2,309.8**
Current assets					
Inventories	-	-	94.7	3(a)	94.7
Loan to associated company	3.5	-			3.5
Trade and other receivables	3.3	0.2	164.8	3(a)	168.3
Cash and cash equivalents	185.6	0.8	305.5	3(a)	479.5
			(1.0)	3(c)(i)	
			(8.0)	3(g)	
			(3.4)	3(h)	
Total current assets	**192.4**	**1.0**	**552.6**		**746.0**
Total assets	**923.6**	**586.1**	**1,546.1**		**3,055.8**
Liabilities and equity attributable to shareholders					
Equity attributable to shareholders					
Share capital	1,205.6	-	518.0	3(a)	1,535.8
			330.2	3(b)	
			(518.0)	3(e)	
Contributed surplus	81.6	615.1	(615.1)	3(f)	81.6
Deficit	(439.9)	(29.0)	(257.5)	3(d)	(708.8)
			29.0	3(f)	
			(8.0)	3(g)	
			(3.4)	3(h)	
Total equity attributable to shareholders	**847.3**	**586.1**	**(524.8)**		**908.6**
Non-current liabilities					
Financial liabilities	2.9	-	535.2	3(a)	538.1
Provision for site restoration	5.6	-	324.2	3(a)	329.8
Provision for contingent consideration	39.1	-			39.1
Provision for share-based compensation	2.9	-			2.9
Other provisions	-	-	309.6	3(a)	309.6
Deferred tax liabilities	-	-	455.0	3(a)	516.0
			61.0	3(c)	
Total non-current liabilities	**50.5**	**-**	**1,685.0**		**1,735.5**
Current liabilities					
Financial liabilities	0.6	-	206.1	3(a)	206.7
Trade and other payables	12.3	-	129.1	3(a)	141.4
Current tax liabilities	-	-	50.7	3(a)	50.7
Provision for share-based compensation	12.9	-			12.9
Total current liabilities	**25.8**	**-**	**385.9**		**411.7**
Total liabilities	**76.3**	**-**	**2,070.9**		**2,147.2**
Total liabilities and equity attributable to shareholders	**923.6**	**586.1**	**1,546.1**		**3,055.8**

See accompanying notes to the unaudited pro forma condensed consolidated financial information

Africa Oil Corp.

Pro Forma Condensed Consolidated Statement of Net Income

For the six months period ended June 30, 2024

(Expressed in millions of United States dollars)

	Historical				
	AOC	**BTG**	**Pro forma Adjustments**	**Notes**	**Pro forma Consolidated**
Revenue					
Revenue	-	-	**445.3**	3(a)	**445.3**
Cost of Sales					
Production costs	-	-	(67.0)	3(a)	(67.0)
Depletion and decommissioning costs	-	-	(191.0)	3(a)	(200.9)
			(9.9)	3(i)	
Exploration costs	-	-	(1.5)	3(a)	-
			1.5	3(i)	
	-	**-**	**(267.9)**		**(267.9)**
Gross profit	**-**	**-**	**177.4**		**177.4**
General and administrative costs	(15.5)	(0.7)	(7.6)	3(a)	(23.8)
Operating (loss) / profit	**(15.5)**	**(0.7)**	**169.8**		**153.6**
Finance income	5.1	-	3.1	3(a)	8.2
Finance costs	(2.6)	-	(52.9)	3(a)	(55.5)
Net financial items	**2.5**	**-**	**(49.8)**		**(47.3)**
Share of profit from investment in joint venture	38.9	32.3	(71.2)	3(d)	-
Share of loss from investments in associates	(22.0)	-			(22.0)
Profit before tax	**3.9**	**31.6**	**48.8**		**84.3**
Income tax	-	-	(50.8)	3(a)	(48.3)
			2.5	3(i)	
Net income attributable to shareholders	**3.9**	**31.6**	**0.5**		**36.0**
Net income attributable to shareholders per share					
Basic	0.01			3(k)	0.05
Diluted	0.01			3(k)	0.05
Weighted average number of shares outstanding for the purpose of calculating earnings per share					
Basic	456,068,324		239,828,655	3(b)	691,060,019
Diluted	469,715.262		239,828,655	3(b)	704,719,082

See accompanying notes to the unaudited pro forma condensed consolidated financial information

Africa Oil Corp.
Pro Forma Condensed Consolidated Statement of Net Income
For the year ended December 31, 2023
(Expressed in millions of United States dollars)

	Historical				
	AOC	**BTG**	**Pro forma Adjustments**	**Notes**	**Pro forma Consolidated**
Revenue					
Revenue	-	-	**1,162.2**	3(a)	**1,162.2**
Cost of Sales					
Production costs	-	-	(253.7)	3(a)	(253.7)
Depletion and decommissioning costs	-	-	(361.7)	3(a)	(459.8)
			(98.1)	3(i)	
Exploration costs	-	-	(2.3)	3(a)	-
			2.3	3(i)	
Impairment charges	(62.2)	-	(263.3)	3(a)	(62.2)
			263.3	3(i)	
	(62.2)	**-**	**(713.5)**		**(775.7)**
Gross (loss) / profit	**(62.2)**	**-**	**448.7**		**386.5**
General and administrative costs	(31.9)	(1.6)	(15.8)	3(a)	(49.3)
Operating (loss) / profit	**(94.1)**	**(1.6)**	**432.9**		**337.2**
Finance income	7.8	-	6.8	3(a)	14.6
Finance costs	(7.6)	-	(89.5)	3(a)	(97.1)
Net financial items	**0.2**	**-**	**(82.7)**		**(82.5)**
Share of profit from investment in joint venture	228.0	195.8	(423.8)	3(d)	-
Share of loss from investments in associates	(47.0)	-			(47.0)
Profit before tax	**87.1**	**194.2**	**(73.6)**		**207.7**
Income tax	-	-	273.3	3(a)	(148.7)
			(50.2)	3(i)	
			(371.8)	3(j)	
Net income attributable to shareholders	**87.1**	**194.2**	**(222.3)**		**59.0**
Net income attributable to shareholders per share					
Basic	0.19			3(k)	0.08
Diluted	0.18			3(k)	0.08
Weighted average number of shares outstanding for the purpose of calculating earnings per share					
Basic	462,231,061		239,828,655	3(b)	702,059,716
Diluted	472,942,487		239,828,655	3(b)	712,771,142

See accompanying notes to the unaudited pro forma condensed consolidated financial information

1. Basis of Presentation

The unaudited pro forma condensed consolidated balance sheet gives effect to the amalgamation as if such had closed on June 30, 2024. The unaudited pro forma condensed consolidated statements of net income for the six months ended June 30, 2024, and for the year ended December 31, 2023, give effect to the amalgamation as if such had closed on January 1, 2023.

The historical unaudited condensed consolidated balance sheet of the Company as at June 30, 2024, the historical unaudited condensed consolidated statement of net income and comprehensive income for the six month period ended June 30, 2024, and the historical audited consolidated statement of net income and comprehensive income for the year ended December 31, 2023, were prepared using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The historical unaudited balance sheet of BTG as at June 30, 2024, the historical unaudited statement of profit or loss and other comprehensive income for the six month period ended June 30, 2024, and the historical audited statement of profit or loss and other comprehensive income for the year ended December 31, 2023, were prepared using accounting policies consistent with IFRS Accounting Standards.

The historical unaudited interim condensed consolidated statement of financial position of Prime as at June 30, 2024, the historical unaudited interim condensed consolidated statement of profit or loss and other comprehensive income for the six month period ended June 30, 2024, and the historical audited special purpose consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023, were prepared using accounting policies consistent with IFRS Accounting Standards.

The accompanying unaudited pro forma condensed consolidated financial information is based on accounting policies that are consistent with those disclosed in the audited consolidated financial statements for the year ended December 31, 2023, and were prepared in accordance with recognition and measurement principles of IFRS Accounting Standards. For purposes of preparing the unaudited pro forma condensed consolidated financial information, the Company has made certain reclassifications to the unaudited interim condensed consolidated statement of financial position and the special purpose consolidated statement of profit or loss and other comprehensive income of Prime to conform to the presentation adopted by the Company under IFRS Accounting Standards, see Note 3(a).

The amalgamation has been accounted for using the acquisition method. Based on the purchase price calculation as detailed in Note 3(b), the estimated net purchase price for BTG is USD 330.2 million.

The accompanying unaudited pro forma condensed consolidated financial information may not be indicative of the results that would have been achieved if the transactions reflected therein had been completed on the dates indicated, or the results which may be obtained in the future. For instance, the actual purchase price allocation will reflect the fair value, at the purchase date, of the consideration transferred and the assets acquired, and liabilities assumed based upon the Company's evaluation of such assets and liabilities following the closing of the amalgamation. Accordingly, the final purchase price allocation may differ materially from the preliminary allocation reflected herein.

The accompanying unaudited pro forma condensed consolidated financial information should be read in conjunction with the Amalgamation Agreement, the unaudited financial statements of the Company as at and for the six month period ended June 30, 2024, including the notes thereto, the audited financial statements of the Company ended December 31, 2023, including the notes thereto, the unaudited condensed interim financial statements of BTG as at and for the three and six months period ended June 30, 2024, including the notes thereto, the audited financial statements of BTG as at and for the year ended December 31, 2023, including the notes thereto, the unaudited interim condensed consolidated financial statements of Prime as at and for the six month period ended June 30, 2024, including the notes thereto, the audited special purpose consolidated financial statements of Prime ended December 31, 2023, including the notes thereto, along with all other financials of the Company, BTG and Prime either included or incorporated by reference in the management information circular.

The underlying assumptions for the pro forma adjustments provide a reasonable basis for presenting the significant financial effects directly attributable to the amalgamation and the share issuance. These pro forma adjustments are preliminary and are based on currently available financial information and certain estimates and assumptions. The Company has yet to finalize the determination of the fair value of the assets acquired and liabilities assumed and has therefore used carrying value with certain adjustments in the preliminary purchase price allocation presented in the unaudited pro forma condensed consolidated financial information. The actual adjustments to the unaudited pro forma condensed consolidated financial information will depend on a number of factors, including additional information available and the net assets of BTG and Prime on the closing date of the amalgamation. Therefore, it is expected that the actual adjustments will differ from the pro forma adjustments, and the differences may be material. Any final adjustment may change the allocation of purchase price, which could affect the fair value assigned to the assets and liabilities and could result in a change to the unaudited pro forma condensed consolidated financial statements.

2. Description of the Transaction

Pursuant to the Amalgamation Agreement, the estimated net purchase price for the acquisition is USD 330.2 million for the shares in BTG based on Africa Oil's closing share price in Canadian dollars ("CAD") on September 6, 2024 and the USD/CAD exchange rate on September 6, 2024, as per Note 3b.

The accompanying unaudited pro forma condensed consolidated financial information assume that at closing, the amalgamation will be completed through the issuance of 239,828,655 newly issued Common Shares in the Company as per the Amalgamation Agreement.

3. Pro Forma Adjustments

The pro forma adjustments have been prepared by the Company using available information and certain assumptions that management believes are reasonable under the circumstances. The pro forma adjustments included in the unaudited pro forma condensed consolidated statements are as follows:

a. Prime

Prime Statement of Financial Position allocation adjustments

The unaudited Prime consolidated statement of financial position has been constructed by adjusting the unaudited interim consolidated statement of financial position as at June 30, 2024, to reclassify certain items to conform with Africa Oil's presentation on the pro forma condensed consolidated statement of financial position. The Company did not identify any material differences and all amounts are expressed in millions of United States dollars.

	Prime unaudited	Allocation adjustments	Notes	Prime adjusted
Assets				
Non-current assets				
Oil and gas properties	1,962.8			1,962.8
Other receivables	0.1			0.1
Total non-current assets	**1,962.9**	**-**		**1,962.9**
Current assets				
Inventories	94.7			94.7
Trade and other receivables	164.7	0.1	3(a)(i)	164.8
Prepayments	0.1	(0.1)	3(a)(i)	-
Cash and cash equivalents	305.5			305.5
Total current assets	**565.0**	**-**		**565.0**
Total assets	**2,527.9**	**-**		**2,527.9**
Liabilities and equity attributable to members				
Equity attributable to members				
Membership interest	526.2	(8.2)	3(a)(ii)	518.0
Unappropriated result	27.6	(27.6)	3(a)(ii)	-
Deficit	(35.8)	35.8	3(a)(ii)	-
Total equity attributable to members	**518.0**	**-**		**518.0**
Non-current liabilities				
Financial liabilities	535.2			535.2
Provision for site restoration	324.2			324.2
Other provisions	305.3	4.3	3(a)(iii)	309.6
Employee benefits	4.3	(4.3)	3(a)(iii)	-
Deferred tax liabilities	455.0			455.0
Total non-current liabilities	**1,624.0**	**-**		**1,624.0**

Current liabilities			
Financial liabilities	206.1		206.1
Trade and other payables	129.1		129.1
Current tax liabilities	50.7		50.7
Total current liabilities	**385.9**	**-**	**385.9**
Total liabilities	**2,009.9**	**-**	**2,009.9**
Total liabilities and equity attributable to members	**2,527.9**	**-**	**2,527.9**

i. Prepayments have been reclassified to trade and other receivables to align with Africa Oil's presentation.

ii. As a result of the proposed transaction, Prime will be fully consolidated and as such, all equity balances have been reclassified to membership interest and then eliminated on consolidation.

iii. Long-term employee benefits have been reclassified to other provisions to align with Africa Oil's presentation.

Prime Statement of Profit or Loss and Other Comprehensive Income allocation adjustments

The unaudited Prime statement of profit or loss and other comprehensive income for the six months ended June 30, 2024, has been constructed by adjusting the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended June 30, 2024, to align with the presentation of Africa Oil's financial statements for the purposes of constructing the pro forma financial information. All amounts are expressed in millions of United States dollars.

Prime Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended June 30, 2024

	Prime unaudited	Allocation adjustments	Notes	Prime adjusted
Revenue				
Revenue	445.3			445.3
Other operating income	-			-
	445.3	**-**		**445.3**
Cost of Sales				
Cost of sales	(249.7)	249.7	3(a)(iv)	-
Production costs	-	(67.0)	3(a)(iv)	(67.0)
Depletion and decommissioning costs	-	(191.0)	3(a)(iv)	(191.0)
Exploration costs	(1.5)			(1.5)
Impairment charges	-			-
Other operating expenses	(15.9)	15.9	3(a)(iv)	-
Total cost of sales	**(267.1)**	**7.6**		**(259.5)**
Gross Profit	**178.2**	**7.6**		**185.8**
General and administrative costs	-	(7.6)	3(a)(iv)	(7.6)
Operating profit	**178.2**	**-**		**178.2**
Finance income	3.1			3.1
Finance costs	(52.9)			(52.9)
Net financial items	**(49.8)**	**-**		**(49.8)**
Profit before tax	**128.4**	**-**		**128.4**
Income tax	(50.8)			(50.8)
Net income attributable to members	**77.6**	**-**		**77.6**

The Prime statement of profit or loss and other comprehensive income for the year ended December 31, 2023, has been constructed by adjusting the audited special purpose consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023, to align with the presentation of Africa Oil's financial statements for the purposes of constructing the pro forma financial information. All amounts are expressed in millions of United States dollars.

Prime Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2023

	Prime audited	Allocation adjustments	Notes	Prime adjusted
Revenue				
Revenue	1,162.2			1,162.2
Other operating income	24.7	(24.7)	3(a)(v)	-
	1,186.9	**(24.7)**		**1,162.2**
Cost of Sales				
Cost of sales	(598.0)	598.0	3(a)(iv)	-
Production costs	-	(253.7)	3(a)(iv)	(253.7)
Depletion and decommissioning costs	-	(361.7)	3(a)(iv)	(361.7)
Exploration costs	(2.3)			(2.3)
Impairment charges	(263.3)			(263.3)
Other operating expenses	(33.2)	33.2	3(a)(iv)	-
Total cost of sales	**(896.8)**	**15.8**		**(881.0)**
Gross Profit	**290.1**	**(8.9)**		**281.2**
General and administrative costs	-	(15.8)	3(a)(iv)	(15.8)
Operating profit	**290.1**	**(24.7)**		**265.4**
Finance income	6.8			6.8
Finance costs	(89.5)			(89.5)
Net financial items	**(82.7)**	**-**		**(82.7)**
Profit before tax	**207.4**	**(24.7)**		**182.7**
Income tax	248.6	24.7	3(a)(v)	273.3
Net income attributable to members	**456.0**	**-**		**456.0**

iv. The pro forma condensed consolidated statements of net income takes into account certain adjustments to costs of sales, production costs, depletion costs, other operating expenses and general and administrative costs to align with Africa Oil's presentation. Amounts related to depletion and general and administrative costs have been reallocated to the respective categories and all costs related to the oil operations have been reallocated to production costs.

v. Amounts related to Nigerian investment tax credits, lowering the effective tax charges in Nigeria, have been reallocated to income tax to align with Africa Oil's presentation.

b. Purchase price

	Securities issued	Consideration	Notes
Common Shares	239,828,655	330,210,451	3(b)(i)
Estimated purchase price		**330,210,451**	

i. Under the Amalgamation Agreements, 239,828,655 Common Shares in the Company will be issued in exchange for the outstanding BTG shares. The consideration has been calculated using Africa Oil's closing share price in CAD on September 6, 2024, of CAD 1.86 and the USD/CAD exchange rate on September 6, 2024, of 1.3509. The total consideration paid will be based on the share price as of the date of closing of the amalgamation and may therefore change materially.

(Expressed in millions of United States dollars)

c. Allocation of the estimated net purchase price

	Prime (Note 3a)	Fair value adjustments	Notes	Fair value
Assets acquired				
Oil and gas properties	1,962.8	203.4	3(c)(ii)	2,166.2
Other non-current receivables	0.1		3(c)(iii)	0.1
Inventories	94.7		3(c)(iii)	94.7
Trade and other receivables	164.8		3(c)(iii)	164.8
Cash and cash equivalents	305.5		3(c)(iii)	305.5
Total assets acquired	**2,527.9**	**203.4**		**2,731.3**
Liabilities assumed				
Non-current financial liabilities	535.2		3(c)(iii)	535.2
Provision for site restoration	324.2		3(c)(iv)	324.2
Other provisions	309.6		3(c)(iii)	309.6
Deferred tax liabilities	455.0	61.0	3(c)(v)	516.0
Short-term financial liabilities	206.1		3(c)(iii)	206.1
Trade and other payables	129.1		3(c)(iii)	129.1
Current tax liabilities	50.7		3(c)(iii)	50.7
Total liabilities assumed	**2,009.9**	**61.0**		**2,070.9**
Net assets at fair value as at June 30, 2024	**518.0**	**142.4**		**660.4**
Estimated purchase price				330.2
Fair value of shares previously held in Prime				330.2
Goodwill				**-**

Under the acquisition method, the assets acquired, and liabilities assumed of the acquired entity are primarily measured at their estimated fair value at the date of amalgamation. The estimated fair values and useful lives of assets acquired, and liabilities assumed are preliminary and subject to final valuation adjustments which may cause some of the amounts to be materially different from those shown on the unaudited pro forma Condensed Consolidated Statement of Financial Position. The preliminary estimates used to prepare the pro forma information presented will be updated after closing of the amalgamation based upon management's final analysis. The fair values of assets acquired, and liabilities assumed at the time of closing may result in the recognition of goodwill or a bargain purchase. The Company has yet to determine the fair value of Primes's assets and liabilities, and has therefore used the following approach:

i. The assets and liabilities of BTG as per June 30, 2024, consist of the 50% shareholding in Prime and net working capital balances of USD 1.0 million. It has been agreed under the Amalgamation Agreement that net working capital balances of BTG will amount to nil on closing date. The fair value of the assets and liabilities of Prime are therefore representative for the assets acquired and liabilities assumed by Africa Oil under the Amalgamation Agreement.

ii. The Company has recorded a fair value adjustment to oil and gas properties. The fair value of oil and gas properties is preliminary and may change materially in the final valuation.

iii. The carrying value of other non-current receivables, financial liabilities, other provisions and working capital balances are assumed to approximate its fair value.

iv. The provision for site restoration recognized by Prime has been calculated using a risk-free rate based on Prime's accounting policies which will be the same as the Company's post-acquisition accounting policies.

v. The deferred tax liability arises from the difference in accounting and tax basis on the oil and gas properties acquired through the amalgamation. The amount has been calculated based on Prime's Nigerian corporate income tax rate of 30%. Subsequent adjustments to the deferred tax liability may occur.

d. Equity investment in joint venture

On January 14, 2020, the Company completed the acquisition of a 50% ownership interest in Prime and has equity accounted for its shareholding in Prime as an equity investment in a joint venture. The amalgamation includes the acquisition of the remaining 50% ownership interest in Prime resulting in Prime being fully consolidated by the Company from closing of the amalgamation.

As at June 30, 2024, the Company's investment in Prime was carried at USD 587.7 million. As a result of the proposed amalgamation, the existing shareholding in Prime has been revalued at the same rates as applied in the purchase price calculation disclosed in Note 3(b), applying the share price of CAD 1.86 as of September 6, 2024, and the USD/CAD exchange rate of 1.3509 as of September 6, 2024. The fair value of the Company's investment in Prime was revalued to USD 330.2 million, which has been included in the Note 3(c). The fair value loss of USD 257.5 million is reflected as an increase in deficit in the pro forma statement of financial position as for the purpose of these pro forma statement of financial position, it was assumed that an impairment would be recorded just prior to the acquisition date and therefore such impairment loss would not be presented in the condensed consolidated statement of net income.

As at June 30, 2024, BTG's investment in Prime was carried at USD 585.1 million which was higher than the fair value of the investment in Prime as per Note 3(c). The difference of USD 254.9 million has been eliminated on consolidation.

The equity accounted for results in Prime, recognized by both AOC and BTG, have been eliminated on consolidation.

e. Prime membership equity

The historical membership equity balances of Prime, including membership interest, unappropriated result and deficit, have been eliminated on consolidation.

f. BTG equity

The historical equity balances of BTG, including contributed surplus and deficit, have been eliminated on consolidation.

g. Transaction costs

Adjustment to reflect the estimated costs in connection with the amalgamation. The transaction costs are related to estimated advisory, accounting, legal, tax and other costs associated with the completion of the amalgamation. These costs have been included as a pro forma adjustment to retained earnings and cash on the unaudited pro forma condensed consolidated statement of financial position, as opposed to being included on the unaudited pro forma condensed consolidated statement of net income on the basis that these expenses are directly incremental to the amalgamation and are non-recurring in nature. As described in the Risk Factors section of the management information circular, regulatory fees may be payable in Nigeria to obtain all necessary approvals and it has been assumed for the purpose of these unaudited pro forma condensed consolidated financial information that such potential fees amount to nil.

h. Pre closing distribution to BTG Oil & Gas

Adjustment to reflect the pre closing distribution to BTG Oil & Gas pursuant to paragraph 2.12 of the Amalgamation Agreement. The pre closing distribution to BTG Oil & Gas was calculated based on the estimated Africa Oil Adjustment Amount and the estimated BTG Adjustment Amount as per June 30, 2024, as defined in the Amalgamation Agreement. The actual pre closing adjustment pursuant to paragraph 2.12 of the Amalgamation Agreement will be based on the Africa Oil Adjustment Amount and BTG Adjustment Amount, five business days prior to the expected closing date of the amalgamation and may differ materially. The pre closing distribution to BTG Oil & Gas has been included as a pro forma adjustment to retained earnings and cash on the unaudited pro forma condensed consolidated statement of financial position.

i. Depletion costs, Impairment charges and Exploration costs

Depletion costs have been adjusted to reflect depletion on the preliminary fair value adjustments allocated to oil and gas properties, resulting in an increase in oil and gas properties after completion of the amalgamation. Depletion costs have been calculated using the estimated 2P reserves as per June 30, 2024, calculated as 2P reserves as per year end 2023 minus production during the six month period ended June 30, 2024. Actual 2P reserves as per June 30, 2024, may differ materially. Impairment charges recognized by Prime have been reversed as the assets and liabilities of Prime have already been accounted for at fair value.

Exploration costs have been reversed to align to Africa Oil's accounting policies whereby all exploration costs are initially capitalized.

Adjustments to depletion costs, impairment charges and exploration costs resulted in a corresponding deferred tax movement in the pro forma condensed consolidated statement of net income from the difference in accounting and tax treatment. The amount has been calculated based on Prime's Nigerian corporate income tax rate of 30%.

j. Income tax

Income tax has been adjusted to reflect income tax based on the 30% corporate income tax regime as currently applicable in Nigeria under the Petroleum Industry Act ("PIA"). Prime converted its licenses to operate under the terms of the PIA during 2023 following which it is subject to the 30% corporate income tax regime compared to the previous 50% PPT regime. The conversion resulted in the release of deferred tax liabilities and prior to conversion, income tax was calculated based on the 50% PPT regime what has been adjusted to reflect income tax based on the 30% corporate income tax regime. Actual income tax charges may differ materially.

k. Earnings per share

Earnings per share has been calculated by dividing the pro forma net income applicable to all outstanding common shares by the weighted average number of common shares outstanding for the six month period ended June 30, 2024, and for the year ended December 31, 2023. For the purpose of the pro forma condensed consolidated statement of net income, the transaction is assumed to have closed on January 1, 2023.

SCHEDULE D
BTG FINANCIAL STATEMENTS

(see attached)

BTG Pactual Holding S.à r.l.

Unaudited condensed interim Financial Statements

As at 30 June 2024

46A, Avenue J.F. Kennedy, L-1855 Luxembourg

RCS Luxembourg B179455

Table of Contents

Condensed interim statement of profit or loss and other comprehensive income

	Note	Six months ended		Three months ended	
		30-Jun-24 USD '000	30-Jun-23 USD '000	30-Jun-24 USD '000	30-Jun-23 USD '000
Share of net profit of joint venture accounted for using the equity method	4	32,377	243,149	13,081	209,136
Administrative expenses		(726)	(746)	(332)	(353)
Operating profit		**31,651**	**242,403**	**12,749**	**208,783**
Finance income		8	14	4	11
Finance cost		(12)	(16)	(3)	(6)
Result before tax from continuing operations		**31,647**	**242,401**	**12,750**	**208,788**
Income tax expense		(17)	(17)	30	(6)
Profit for the period from continuing operations		**31,630**	**242,384**	**12,780**	**208,782**
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		**31,630**	**242,384**	**12,780**	**208,782**

The accompanying notes form an integral part of these financial statements.

Condensed interim statement of financial position

	Note	30 June 2024 USD'000	30 December 2023 USD '000
Non-current assets			
Investment in joint venture	4	585,114	577,739
		585,114	**577,739**
Current assets			
Tax advances		229	-
Cash and cash equivalents		770	966
		999	**966**
Total assets		**586,113**	**578,705**
Current liabilities			
Trade and other payables		17	146
Current tax liabilities		-	340
		17	**486**
Equity			
Subscribed capital	5	20	20
Share premium	6	615,048	638,799
Legal reserve		2	2
Retained earnings		(28,974)	(60,602)
		586,096	**578,219**
Total liabilities and equity		**586,113**	**578,705**

The accompanying notes form an integral part of these financial statements.

Condensed interim statement of changes in equity

	Note	Subscribed capital USD '000	Share premium USD '000	Legal reserve USD '000	Retained earnings USD '000	Total USD '000
Balance as at 1 January 2024		20	638,799	2	(60,603)	578,218
Share premium repayment	6	-	(23,750)	-	-	(23,750)
Profit for the period		-	-	-	31,630	31,629
Total comprehensive income		-	-	-	31,630	31,629
Balance at 30 June 2024		20	615,049	2	(28,973)	586,097

	Note	Subscribed capital USD '000	Share premium USD '000	Legal reserve USD '000	Retained earnings USD '000	Total USD '000
Balance as at 1 January 2023		20	811,399	2	(254,816)	556,605
Share premium repayment		-	(61,200)	-	-	(61,200)
Profit for the period		-	-	-	242,384	242,383
Total comprehensive income		-	-	-	242,384	242,383
Balance at 30 June 2023		20	750,199	2	(12,432)	737,788

The accompanying notes form an integral part of these financial statements.

Condensed interim Statement of cash flows

	Note	30 June 2024 USD '000	30 June 2023 USD '000
Operating activities			
Result before tax		31,648	242,401
Adjustments to reconcile result before tax to net cash flows:			
Interest income		(2)	(3)
Interest expense		-	65
Share of net profit of joint venture accounted for using the equity method		(32,377)	(243,149)
Foreign exchange, net		2	3
Working capital adjustments			
Increase/(decrease) in Trade and other payables		(130)	208
Interest paid		-	(65)
Income taxes paid		(586)	(273)
Net cash from operating activities		**(1,445)**	**(813)**
Cash flows from investing activities			
Reimbursement received for Loans to related parties		-	350
Interest received		-	11
Distributions received from joint venture	4	25,000	62,500
Net cash used in investing activities		**25,000**	**62,861**
Cash flows from financing activities			
Share premium repayment	7	(23,751)	(61,200)
Net cash from financing activities		**(23,751)**	**(61,200)**
Net increase in cash and cash equivalents		**(196)**	**848**
Cash and cash equivalents at the beginning of the period		966	237
Cash and cash equivalents at the end of the period		**770**	**1,085**

The accompanying notes form an integral part of these financial statements.

Notes to the condensed interim financial statements

NOTE 1 – GENERAL INFORMATION

BTG Pactual Holding S.à r.l. (hereafter the “Company”) was incorporated on 17 July 2013 for an unlimited period and organized under the laws of Luxembourg as a Société à responsabilité limitée.

The registered office of the Company is established at 46A, Avenue J.F. Kennedy, L-1855 Luxembourg, and the Company’s number with the Register of Commerce is B179455.

The Company’s financial year starts on 1st January and ends on 31st December each year.

The purpose of the Company is to hold directly and manage the Company’s investment Prime Oil & Gas Coöperatief U.A., a Dutch cooperative with excluded liability (coöperatie met uitgesloten aansprakelijkheid) registered with the trade register of the Dutch Chamber of Commerce under number 34224579 (POGC).

The Company may borrow in any form, except by way of public offer. It may issue, by way of private placement only, notes, bonds and any kind of debt and equity securities. It may lend funds, including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies. It may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company may not carry out any regulated financial sector activities without having obtained the requisite authorization.

The condensed interim financial statements were approved and authorized for issue by the Board of Managers on 29 August 2024.

NOTE 2 - MATERIAL ACCOUNTING POLICIES

2.1 - Basis of preparation

The condensed interim financial statements for the three and six months ended 30 June 2024 and have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by IASB. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s financial statements and accompanying notes for the year ended 31 December 2023.

These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The condensed interim financial statements are presented in the United States Dollar (“USD”), which is the functional currency of the Company. In preparing these condensed interim financial statements, the amounts have been rounded to the nearest thousand, unless otherwise stated. As a result, some totals in the condensed interim financial statements and notes may not sum precisely due to rounding. Management believes that such rounding differences are immaterial and do not affect the accuracy or reliability of the financial information presented.

The condensed interim financial statements have been prepared under the historical cost convention and adopt the going concern basis of accounting.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 - Basis of preparation (Continued)

2.2 Application of standards, amendments and interpretations

The significant accounting policies applied in these condensed interim financial statements are consistent with those applied in the Company's financial statements as of and for the year ended 31 December 2023 except for the adoption of new standards and amendments to standards which are also expected to be reflected in the Company's financial statements as of and for the year ended 31 December 2024.

The following standards, interpretations, amendments, and revisions endorsed by the IASB had mandatory application for the first time in the period beginning 1 January 2024:

- Leases on sale and leaseback – Amendment to IFRS 16
- Non-current liabilities with covenants – Amendment to IAS 1 Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements

These standards have no material impact on these condensed interim financial statements.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of income and expenses for the period. In line with existing policies, the Company regularly updates its significant assumptions and estimates to support the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Other significant estimates and judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty not mentioned in this note were the same as those applied to the financial statements as of and for the year ended 31 December 2023.

NOTE 4 – INVESTMENT IN JOINT VENTURE

The Company owns an investment in Prime Oil & Gas Coöperatief U.A., as follows:

Name of the investee	Ownership percentage	Registered office	Currency	Financial year end
Prime Oil & Gas Coöperatief U.A.	50%	Weena 505 (Delftse Poort), Tower A – 21st floor 3013 AL Rotterdam, the Netherlands	USD	31.12.2023
Prime Oil & Gas Coöperatief U.A.	50%	Weena 505 (Delftse Poort), Tower A – 21st floor 3013 AL Rotterdam, the Netherlands	USD	31.06.2024

Prime Oil & Gas Coöperatief U.A. ('Prime') is a private Dutch-registered company established in 2013. It has two subsidiaries in Nigeria, and a presence in key oil blocks such as PML 2, 3, 4, and PML 52.

Africa Oil Corp, a Canadian oil and gas company listed on the Toronto Stock Exchange in Canada and the Nasdaq Stockholm Exchange in Sweden, under the symbol ‘AOI owns the remaining 50% of Prime.

The Company has accounted for the acquisition as a joint venture as there is joint control.

Prime is incorporated in the Netherlands and its principal place of business is Nigeria. The primary assets of Prime are an indirect 8% interest in Oil Mining Lease ("OML") 127 and an indirect 16% interest in OML 130. OML 127 is operated by affiliates of Chevron and covers part of the producing Agbami field. OML 130 is operated by affiliates of TotalEnergies and contains the producing Akpo and Egina fields.

The Company received dividends of USD 25 million during the current financial period ending 30 June 2024 (30 June 2023: USD 62,5 million). The timing and payment of the dividends is discretionary. There are no restrictions on the ability of Prime to pay dividends to its members, subject to distributable reserves being positive and working capital or business requirements.

The table below provides a summarized financial information for the Joint Venture. The information disclosed reflects the amounts presented in the interim condensed consolidated financial statements of the Joint Venture and not the company`s share of those amounts nor the adjustments made by the Company when using the equity method, incusing fair value adjustments and modifications for differences in accounting policy.

Prime’s Balance Sheet	**2022**	**2023**
	USD ‘million	**USD ‘million**
Cash and cash equivalents included in current assets	305.5	152.2
Other current assets	259.5	351.5
Non-current assets	1,962.9	2,097.5
Loans and borrowings included in current liabilities (1)	(206.1)	(86.5)
Other current liabilities	(179.8)	(239.4)
Loans and borrowings included in non-current liabilities (1)	(535.2)	(651.9)
Deferred income tax liabilities included in non-current liabilities	(455)	(484.4)
Other non-current liabilities	(633.9)	(648.8)
Net assets of Prime	518	490.24
Percentage ownership	50%	50%

1- In the three months ended June 30, 2024, $250.0 million of the commitments under Prime’s RBL facility were canceled, reducing the principal amount from $1,050.0 million to $800.0 million. The facility has a 6-year tenor, of which $750.0 million had been drawn as of June 30, 2024 (December 31, 2023: $750.0 million)

Prime's Statement of Net Income and Other Comprehensive

	Six months ended		Three months ended	
	30-Jun-24 USD'million	30-Jun-23 USD'million	30-Jun-24 USD'million	30-Jun-23 USD'million
Revenue	445.3	547.7	268.7	273
Cost of sales	(249.7)	(275.4)	(172.9)	(140.5)
Gross profit	195.6	272.3	95.8	132.5
Other operating income	-	24.7	-	22.5
Exploration expenses	(1.5)	(1.2)	(0.8)	(0.7)
Other operating costs (1)	(15.9)	(19.3)	(6.6)	(11.6)
Finance income	3.1	3.9	1.1	2.4
Finance costs (2)	(52.9)	(42.2)	(22.9)	(21.9)
Profit before tax	128.3	238.2	66.6	123.1
Tax (3)	(50.7)	262.1	(31.9)	302.1
Total profit and comprehensive income for the year	77.7	500.3	34.6	425.3

1- Other operating costs mainly include Prime's administrative costs, sales costs, the NDDC Levy, which funds the sustainable development of the Niger Delta region, and the National Agency for Science and Engineering Infrastructure (NASENI) Levy.
2- Finance costs primarily consist of interest expenses incurred on external facilities and accretion expenses related to the decommissioning liability. Finance costs for the three and six months ended June 30, 2024, also included a $0.1 million and $6.4 million accounting loss on a purchased Asian put option (three and six months ended June 30, 2023: nil).
3- For the three and six months ended June 30, 2024, there was a tax charge of $31.9 million and $50.7 million, respectively (three and six months ended June 30, 2023: tax income of $302.2 million and $262.2 million, respectively). The income in 2023 was primarily due to Prime renewing the OML 130 license, which resulted in the award of three new petroleum mining leases and one petroleum prospecting license. These cover some areas previously under OML 130, with some areas also relinquished. The new licenses are PML 2 (Akpo field), PML 3 (Egina), PML 4 (Preowei), and PPL 261 (South Egina). PMLs 2, 3, and 4, along with PPL 261, have been operating under the terms of the PIA since June 1, 2023. Under these terms, PMLs 2, 3, and 4, and PPL 261 are subject to a 30% Corporate Income Tax regime, compared to the previous 50% PPT regime, resulting in the partial release of $346.0 million in deferred income tax liabilities during the period.

The table below shows the movements in the joint venture as at 30 June 2024 and 31 December 2023:

	30 June 2024 USD '000	**31 December2023 USD '000**
Balance as at 1 January	**577,738**	**556,903**
Share of income of the joint venture	32,377	213,971
Distributions received	(25,000)	(175,000)
(Impairment) / reversal	-	(18,136)
Balance as at 30 June and 31 December	**585,114**	**577,738**

During the current interim period, management has carefully evaluated the relevant internal and external factors and has concluded that no indicators of additional impairment are present and therefore no impairment testing was conducted for condensed interim financial statement. This evaluation included an assessment of the general economic environment, changes in the operating performance of cash-generating units, and industry-specific developments, among other factors.

NOTE 5 – SUBSCRIBED CAPITAL

As of 30 June 2024, the subscribed capital amounts to USD 20 (30 June 2023: USD 20) and is divided into 20,000 shares fully paid up with a par value of USD 1. All shares have equal voting rights.

NOTE 6 – SHARE PREMIUM

Movements in the share premium are as follows:

	30 June 2024 USD '000	31 December2023 USD '000
Balance as at 1 January	**638,799**	**811,399**
Share premium repaid in cash	(23,751)	(172,600)
Balance as at 30 June	**615,048**	**638,799**

On 30 June 2024 the Company repaid USD 23,751 (30 June 2023: USD 61,200) of its share premium to its shareholders.

NOTE 7 - FINANCIAL RISK MANAGEMENT

Market risk

The Company is indirectly exposed to crude oil market risks, as its investee (Note 4) is actively involved in the exploration and development of oil fields in Nigeria.

Credit risk

Credit risk is the risk that any counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Company, resulting in a loss for the Company. The risk arises principally from prepayments and cash and cash equivalents.

As at 30 June 2024, the Company has cash in Cayman banks, and considers that the expected credit risk linked to cash is negligible, as counterparty is a reputable bank with good credit rating.

Liquidity risk

The Company, with the support of the Group, manages liquidity risk by maintaining adequate cash balances and banking facilities, continuously monitoring forecast and actual cash flows and ensuring that sufficient cash is available to pay outstanding liabilities at their due date.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities – trade suppliers and taxes due in Luxembourg, denominated in EUR. The Company does not take specific measures to address its exposure to foreign currency risk, considering the potential impact not material.

NOTE 8 - SUBSEQUENT EVENTS

The condensed interim financial statements were authorized for issuance on 29 August 2024 and there has not been any subsequent event to date.

Luxembourg, 29 August 2024

Board of Managers

[redacted]

Pablo Sanchez Costa	Aldo Perracini
Class A Manager	Class B Manager
30 August 2024 | 2:15:44 PM CEST	30 August 2024 | 6:00:17 PM CEST

[redacted]

BTG Pactual Holding S.à r.l.

Financial Statements

As at and for the year ended 31 December 2023

46A, Avenue J.F. Kennedy, L-1855 Luxembourg

RCS Luxembourg B179455

Table of Contents

Statement of profit or loss and other comprehensive income

	Note	2023 USD '000	2022 USD '000 (unaudited)
Share of net profit of joint venture accounted for using the equity method	6	195,835	207,901
Administrative expenses	4	(1,581)	(157)
Operating profit		**194,254**	**207,744**
Finance income		24	9
Finance cost		(30)	(6)
Result before tax from continuing operations		**194,248**	**207,747**
Income tax expense	5	(35)	(589)
Profit for the year from continuing operations		**194,213**	**207,158**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**194,213**	**207,158**

The accompanying notes form an integral part of these financial statements.

BTG Pactual Holding S.à r.l.
Société à Responsabilité Limitée
RCS B179455

Statement of financial position

	Note	31 December 2023 USD'000	31 December 2022 USD '000 (unaudited)	31 December 2021 USD '000 (unaudited)
Non-current assets				
Joint venture accounted for using the equity method	6	577,739	556,904	599,003
		577,739	**556,904**	**599,003**
Current assets				
Loans to related parties	11.2	-	361	25,117
Cash and cash equivalents	7	966	237	100,005
		966	**598**	**125,122**
Total assets		**578,705**	**557,502**	**724,125**
Current liabilities				
Trade and other payables		147	46	48
Current tax liabilities		340	852	268
		487	**898**	**316**
Equity				
Subscribed capital	8	20	20	20
Share premium	9	638,799	811,399	1,185,760
Legal reserve	10	2	2	2
Retained earnings		(60,603)	(254,817)	(461,973)
		578,218	**556,604**	**723,809**
Total liabilities and equity		**578,705**	**557,502**	**724,125**

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

	Note	Subscribed capital USD '000	Share premium USD '000	Legal reserve USD '000	Retained earnings USD '000	Total USD '000
Balance as at 1 January 2023		**20**	**811,399**	**2**	**(254,816)**	**556,604**
Share premium repayment	9	-	(172,600)	-	-	(172,600)
Profit for the year		-	-	-	194,213	194,213
Total comprehensive income		-	-	-	194,213	194,213
Balance at 31 December 2023		**20**	**638,799**	**2**	**(60,603)**	**578,218**

	Note	Subscribed capital USD '000	Share premium USD '000	Legal reserve USD '000	Retained earnings USD '000	Total USD '000
Balance as at 1 January 2022 (unaudited)		**20**	**1,185,761**	**2**	**(461,293)**	**724,489**
Impact of change in accounting framework	2.1	-	-	-	(681)	(681)
Restated total equity at the beginning of the financial year		**20**	**1,185,761**	**2**	**(461,974)**	**723,808**
Share premium repayment	9	-	(374,362)	-	-	(374,362)
Profit for the year		-	-	-	207,158	207,158
Total comprehensive income		-	-	-	207,158	207,158
Balance at 31 December 2022 (unaudited)		**20**	**811,399**	**2**	**(254,816)**	**556,604**

The accompanying notes form an integral part of these financial statements.

BTG Pactual Holding S.à r.l.
Société à Responsabilité Limitée
RCS B179455

Statement of cash flows

	Note	2023 USD '000	2022 USD '000 (unaudited)
Cash flows from operating activities			
Result before tax		194,248	207,748
Adjustments to reconcile result before tax to net cash flows:			
Interest income	5	(3)	(5)
Share of net profit of joint venture accounted for using the equity method		(195,835)	(207,901)
Foreign exchange, net		10	-
Working capital adjustments			
Increase/(decrease) in Trade and other payables		98	(4)
Income taxes paid		(552)	(5)
Net cash from operating activities		**(2,034)**	**(167)**
Cash flows from investing activities			
Reimbursement received for Loans to related parties		350	-
Interest received		14	-
Distributions received from joint venture	6	175,000	250,000
Net cash used in investing activities		**175,364**	**250,000**
Cash flows from financing activities			
Share premium repayment	9	(172,600)	(349,602)
Net cash from financing activities		**(172,600)**	**(349,602)**
Net increase in cash and cash equivalents		**730**	**(99,769)**
Cash and cash equivalents at the beginning of the year		237	100,005
Cash and cash equivalents at the end of the year		**966**	**237**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2023

NOTE 1 – GENERAL INFORMATION

BTG Pactual Holding S.à r.l. (hereafter the "Company") was incorporated on 17 July 2013 for an unlimited period and organized under the laws of Luxembourg as a Société à responsabilité limitée.

The registered office of the Company is established at 46A, Avenue J.F. Kennedy, L-1855 Luxembourg, and the Company's number with the Register of Commerce is B179455.

The Company's financial year starts on 1st January and ends on 31st December each year.

The purpose of the Company is to hold directly and manage the Company's investment Prime Oil & Gas Coöperatief U.A., a Dutch cooperative with excluded liability (coöperatie met uitgesloten aansprakelijkheid) registered with the trade register of the Dutch Chamber of Commerce under number 34224579 (POGC).

The Company may borrow in any form, except by way of public offer. It may issue, by way of private placement only, notes, bonds and any kind of debt and equity securities. It may lend funds, including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies. It may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company may not carry out any regulated financial sector activities without having obtained the requisite authorization.

The Company may use any techniques, legal means and instruments to manage its investments efficiently and protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

The financial statements were approved and authorized for issue by the Board of Managers on 29th August 2024.

NOTE 2 - MATERIAL ACCOUNTING POLICIES

2.1 - Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter also IFRS) as issued by the International Accounting Standards Board (IASB). The Company prepared its separate financial statements in accordance with IFRS for the financial year ended 31 December 2018 and has subsequently stopped applying IFRS for the preparation of its separate financial statements, as permitted by the Luxembourg Companies Law. The management has chosen to not apply IFRS 1 for the preparation of the current financial statements, and elected to apply IFRS as if the Company never stopped applying IFRS to reflect the stakeholders expectations in terms of historical continuity.

Management prepared the financial statements under IFRS in 2018 but ceased doing so as the entity, operating in Luxembourg, is required to apply LuxGAAP. These financial statements have been prepared under IFRS to support a potential transaction involving the shareholders of the company and Africa Oil Corp in consolidation ownership.

These accounting policies have been consistently applied to all the years presented, unless otherwise stated. Retrospective adjustments have been applied to align the financial statements from 2018 onwards with IFRS standards.

The financial statements are presented in the United States Dollar ("USD"), which is the functional currency of the Company. In preparing these financial statements, amounts have been rounded to the nearest thousand and presented in thousands, unless otherwise stated. As a result, some totals in the financial statements and notes may not sum precisely due to rounding. Management believes that such rounding differences are immaterial and do not affect the accuracy or reliability of the financial information presented~~.~~

The financial statements have been prepared under the historical cost convention.

The managers have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Company's shareholders are progressing with a proposed sale of 50% of the shares to Africa Oil Corp., pending regulatory approvals and other necessary steps. This proposed reorganization does not impose any limitations on the Company's ability to meet its obligations and does not imply any cessation of trading. Therefore, management believes this potential reorganization will not impact the Company's ability to continue as a going concern.

2.2 Application of standards, amendments and interpretations

Standards, amendments and interpretations newly applicable as of 1 January 2023

The following standards, amendments and interpretations are applicable starting 1 January 2023:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - Amendment to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a single transaction - Amendment to IAS 12
- International Tax Reform — Pillar Two Model Rules - Amendments to IAS 12

The Company has adopted the amendment to IAS 12 International Tax Reform — Pillar Two Model Rules. The Company has applied the exception to not recognize and to not disclose information about deferred tax assets and liabilities related to the OECD Pillar Two income taxes. Refer to Note 5 for further disclosures relating to the impact of Pillar Two.

Other standards have no current and/or future material impact on these financial statements.

New standards and interpretations not yet adopted

The following pronouncements have been issued as of 31 December 2023 with mandatory application from 1 January 2024. They have not been early adopted by the Company:

- Leases on sale and leaseback – Amendment to IFRS 16
- Non-current liabilities with covenants – Amendment to IAS 1 Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements

These standards are not expected to have an impact on the financial statements in the current or future reporting periods and on foreseeable future transactions.

2.3 – Foreign currency transactions and balances

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year-end exchanges rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in the statement of comprehensive income within "finance income or costs."

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

2.4 – Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company accounts the investment in joint venture using the equity method, as follows:

- The initial cost of the investment in a joint venture is recognized at cost. The cost includes the purchase price and any directly attributable expenditures necessary to acquire the investment.
- The Company recognizes its share of the joint venture's profit or loss in its own profit or loss in share of net profit of joint venture accounted for using the equity method.
- The Company recognizes its share of the joint venture's other comprehensive income in its own other comprehensive income
- The Company adjusts the carrying amount of the investment for its share of the joint venture's changes in equity that have not been recognized in profit or loss or other comprehensive income (such as dividends and capital transactions).
- impairment testing is conducted whenever changes in circumstances or events indicate that the carrying value may not be recoverable. The process of determining whether there is an indicator for impairment or calculating the recoverable amount requires judgement.

The standard also requires that when an entity acquires a joint venture, fair values should be attributed to the investee's underlying assets and liabilities. The fair value of assets provides the basis for subsequent amortization that is reflected in the joint venture's share of the results. Upon acquisition of Prime Oil & Gas Coöperatief U.A. in 2013, the Company has identified the fair value of the assets and liabilities for two licenses in Nigeria (OML 127 and OML 130). In line with IAS 28.32 this is being amortized based on the unit of production. See note 3 for further details.

Under the equity method the amortization of the intangible asset should be netted with the share in the result of the investment and therefore presented within Investments accounted for using the equity method.

2.5 – Loans receivable from related party

Loans receivables are measured at amortized cost using the effective interest method, net of any impairment losses. Impairment losses are recognized when there is objective evidence of a significant deterioration in the credit quality of the borrower, such as default or delinquency. The impairment loss is calculated as the difference between the carrying amount of the loan and the present value of estimated future cash flows, discounted at the original effective interest rate.

The loan receivable has been settled at its recorded amount, with no expected credit losses anticipated.

Interest income on loans receivable is recognized in profit or loss using the effective interest method. Impairment losses are adjusted in subsequent periods if there is objective evidence of an improvement in credit quality, with any reversals attributed to events occurring after the initial impairment was recognized.

2.6 – Cash and cash equivalents

Cash and cash equivalents include cash balances and short-term (generally with an original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2.7 – Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.8 – Dividends

Dividend distributions are recorded in the Company's financial statements when the Company's shareholders have the right to receive the payment, or when interim dividends are approved by the Board of Managers in accordance with the by-laws of the Company.

Dividends may be paid by the Company to the extent that it has distributable retained earnings, calculated in accordance with Luxembourg Law.

2.9 – Trade and other payables

Trade payables are non-derivative financial liabilities that arise from the purchase of goods and services or the incurrence of other obligations. They are measured at fair value on initial recognition and subsequently at amortized cost.

Tax liabilities are measured at the amount expected to be paid based on the applicable tax rates and laws.

2.10 – Financial income and expense

Interest income and expense are recognised within finance income and finance costs in the statement of comprehensive income, using the effective interest method.

2.11 – Income tax

The tax expense for the period includes the current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, plus any adjustment to tax payable relating to the previous years.

Deferred income tax is recognized based on the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carries forward tax credits or lax losses can be utilized. Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividend is incurred.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are assumed to be reasonable under the circumstances. Those estimates and assumptions which entail a significant risk of substantive adjustments in the book value of assets and liabilities over the next 12 months pertain to the following:

a) Impairment of investment in joint venture

The Company assesses the carrying value of its investment in joint ventures whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is calculated based on the expected duration of oil reserves and the related exploration projects of the investee. The determination of the recoverable amount involves significant management judgment and estimates, particularly concerning the volume of the recoverable oil reserves, discount rates, period of the licenses (refer to note 6) and market conditions. Changes in these assumptions could materially affect the results of the impairment test and the amount of impairment loss recognized.

b) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The realization of deferred tax assets is dependent on the generation of future taxable profits during the periods in which the temporary differences become deductible. The assessment of future taxable profits involves significant management judgment and estimates.

c) Units-of-Production Amortization of Intangible asset

The intangible asset within the investment line item is amortized using the Units-of-Production (UoP) method based on the total estimated proved and probable field production proportion owned by the company. This results in an amortization charge that is proportional to the depletion of the anticipated remaining production from the field. The life of each asset, which is assessed at least annually, takes into account both its physical life limitations and current assessments of economically recoverable reserves at the field where the asset is located. The calculation of the UoP amortization rate could be impacted if actual future production differs from current forecasted production based on total estimated proved and probable reserves.

NOTE 4 - ADMINISTRATIVE EXPENSES

Administrative expenses are detailed as follows:

	2023 USD '000	2022 USD '000 (unaudited)
Accounting, tax and legal fees	256	133
Consultancy fees	1,308	12
Office costs	13	10
Other operating expenses	4	2
Total Administrative expenses	**1,581**	**157**

NOTE 5 – INCOME TAX EXPENSE

Income tax expense amounting to USD 35 (2022: USD 589) represents net wealth tax due in Luxembourg.

The reconciliation of tax expense and the accounting profit is as follows:

	2023 USD '000	2022 USD '000 (unaudited)
Profit before income tax	194,248	207,748
Theoretical income tax expense at 24.94%	(48,445)	(51,812)
Tax effect of amounts which are not taxable	48,841	51,851
Unrecognized taxes losses	(395)	(38)
Other taxes	(35)	(589)
Income tax expense	**(35)**	**(589)**
Effective income tax rate	**0.02%**	**0.28%**

As at 31 December 2023, the Company has tax losses amounting to USD 730 million (2022: USD 754 million). Fiscal losses amounting to USD 1 million, recorded prior to 2017, have an unlimited availability. Fiscal losses recorded starting 2017 can be carried forward and utilized against taxable profits for a period of 17 years.

As at 31 December 2023, the Company did not recognize any deferred taxes.

The BTG Pactual group is within the scope of the OECD Global Anti-Base Erosion (Pillar Two) model rules. The Company is incorporated and tax resident in the Grand Duchy of Luxembourg and Luxembourg enacted the Pillar Two rules (including the transitional safe harbor rules issued by the OECD in December 2022) with effect from 1 January 2024. BTG Pactual applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the Luxembourg legislation, the Company is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Company has been assessing its exposure to the Pillar Two legislation and concluded that in all jurisdictions in which it carries on business, there should be no Pillar Two exposure either because a transitional safe harbor excludes the applicable jurisdiction or because the tax rate exceeds the 15% minimum tax rate.

The Company has engaged with tax specialists to support our continuing assessment of how Pillar Two will impact the group in future periods.

NOTE 6 – INVESTMENT IN JOINT VENTURE

The Company owns an investment in Prime Oil & Gas Coöperatief U.A., as follows:

Name of the investee	Ownership percentage	Registered office	Currency	Financial year end	Measurement Method
Prime Oil & Gas Coöperatief U.A.	50%	Weena 505 (Delftse Poort), Tower A – 21st floor 3013 AL Rotterdam, the Netherlands	USD	31.12.2022	Equity
Prime Oil & Gas Coöperatief U.A.	50%	Weena 505 (Delftse Poort), Tower A – 21st floor 3013 AL Rotterdam, the Netherlands	USD	31.12.2023	Equity

Prime Oil & Gas Coöperatief U.A. (‘Prime’) is a private Dutch-registered company established in 2013. It has two subsidiaries in Nigeria, and a presence in key oil blocks such as PML 2, 3, 4, and PML 52.

Africa Oil Corp, a Canadian oil and gas company listed on the Toronto Stock Exchange in Canada and the Nasdaq Stockholm Exchange in Sweden, under the symbol ‘AOI owns the remaining 50% of Prime.

The Company has accounted for the acquisition as a joint venture as there is joint control.

Prime is incorporated in the Netherlands and its principal place of business is Nigeria. The primary assets of Prime are an indirect 8% interest in Oil Mining Lease ("OML") 127 and an indirect 16% interest in OML 130. OML 127 is operated by affiliates of Chevron and covers part of the producing Agbami field. OML 130 is operated by affiliates of TotalEnergies and contains the producing Akpo and Egina fields.

In the year ended December 31, 2023, Prime made three dividend payments totaling $350.0 million gross, with a net payment to the Company of USD 175.0 million related to its 50% interest. In the year ended December 31, 2022, five dividend payments were made totaling USD 500.0 million gross, with a net payment to the Company of USD 250.0 million related to its 50% interest. The timing and payment of the dividends is discretionary. There are no restrictions on the ability of Prime to pay dividends to its members, subject to distributable reserves being positive and working capital or business requirements.

The table below provides a summarized financial information for the Joint Venture. The information disclosed reflects the amounts presented in the financial statements of the Joint Venture and not the company`s share of those amounts northe adjustments made by theCompany when using the equity method, incusing fair value adjustments and modifications for differences in accounting policy.

Prime's Balance Sheet

	2023 USD 'million	2022 USD 'million
Cash and cash equivalents included in current assets	152.2	331.7
Other current assets	351.5	301.7
Non-current assets	2,097.5	2,545.6
Loans and borrowings included in current liabilities (1)	(86.5)	(420.44)
Other current liabilities	(239.4)	(321.5)
Loans and borrowings included in non-current liabilities (1)	(651.9)	(360.2)
Deferred income tax liabilities included in non-current liabilities (2)	(484.4)	(1,055.3)
Other non-current liabilities	(648.8)	(637.2)
Net assets of Prime	490.24	384.3
Percentage ownership	50%	50%

(1) In the year ended December 31, 2023, Prime refinanced its existing RBL and PXF facilities by closing an amended RBL facility. This amended facility has a principal amount of $1,050.0 million and a 6-year tenor, of which $750.0 million had been drawn as of December 31, 2023.
(2) In the year ended December 31, 2023, Prime voluntarily converted the OML 127 license to operate under the new Petroleum Industry Act, effective March 1, 2023, with all key conditions precedent fulfilled during this period. Prime also renewed the OML 130 license, resulting in OML 130 operating under the terms of the new Petroleum Industry Act as of June 1, 2023. Under these terms, OML 127 and OML 130 are subject to a 30% Corporate Income Tax regime, compared to the previous 50% PPT regime, which resulted in the release of $62.0 million of deferred income tax liabilities for OML 127 and $346.0 million for OML 130.

Prime's Statement of Net Income and Other Comprehensive Income

	2023 USD 'million	2022 USD 'million
Revenue (1)	1,162.2	1,446.30
Cost of sales	(598)	(556.3)
Gross profit	564.2	890.
Other operating income (2)	24.7	112.8
Exploration expenses	(2.3)	(2.8)
Impairment (3)	(263.3)	(82.3)
Other operating costs (4, 7)	(33.2)	(30.8)
Finance income	6.8	6.5
Finance costs (5)	(89.5)	(74.6)
Profit before tax	207.4	818.8
Tax (8,9)	248.6	(519.4)
Total profit and comprehensive income for the year	456.0	299.4

(1) Included in revenue are royalties paid in kind amounting to $16.0 million for the year ended December 31, 2023 (year ended December 31, 2022: $40.7 million).

(2) For some of its qualifying capital expenditure (“QCE”), Prime is entitled to claim an investment tax credit (“ITC”) at the rate of 50% of the QCE incurred, either wholly, exclusively, or necessarily for the purposes of its petroleum operations. This is a Nigerian government tax credit, which can be offset against Petroleum Profit Tax (“PPT”) and serves as an incentive for investments in the exploration of oil and gas in the deep offshore waters of Nigeria. Prime recognized investment tax credits of $24.7 million in the year ended December 31, 2023 (year ended December 31, 2022: net credits of $112.3 million). During the year ended December 31, 2022, Prime exhausted its investment tax credit pool, and additional credits have since been generated on capital expenditure incurred on qualifying assets. ITCs are no longer applicable under the new PIA terms.
(3) Prime recorded an impairment of $263.3 million for the year ended December 31, 2023 (year ended December 31, 2022: $82.3 million). The impairment in 2023 was mainly driven by a higher discount rate and changes in the technical assumptions in OML 130. The impairment in 2022 was primarily due to a reduction in the expected ultimate recovery of the Egina field following the incorporation of the results of the 4D seismic acquired in late 2021, as well as an increase in the discount rate.
(4) Other operating costs include Prime’s administrative costs, sales costs, and the NDDC Levy, which pertains to the Niger Delta Development Commission, imposed by a regulatory body in Nigeria to fund the sustainable development of the Niger Delta region.
(5) Finance costs of $89.5 million were incurred in the year ended December 31, 2023 (year ended December 31, 2022: $74.6 million). The increase in finance costs in the year ended December 31, 2023, is primarily due to interest expenses on external facilities and accretion expenses on the decommissioning liability.
(6) In the year ended December 31, 2023, Prime voluntarily converted the OML 127 license to operate under the new Petroleum Industry Act as of March 1, 2023, with all key conditions precedent fulfilled during this period. Prime also renewed the OML 130 license, resulting in OML 130 operating under the terms of the new Petroleum Industry Act as of June 1, 2023. Under these terms, OML 127 and OML 130 are subject to a 30% Corporate Income Tax regime, compared to the previous 50% PPT regime, which resulted in the release of $62.0 million in deferred income tax liabilities for OML 127 and $346.0 million in deferred income tax liabilities for OML 130.
(7) Withholding tax payments on intragroup dividends in the comparative period have been reclassified from other operating costs to tax expenses in accordance with IAS 12.

Movements in the investment in joint venture are as follows:

	2023 USD ‘000	2022 USD ‘000 (unaudited)
Balance as at 1 January	**556,903**	**599,002**
Share of income of the joint venture	213,971	134,718
Distributions received	(175,000)	(250,000)
(Impairment)/ reversal	(18,135)	73,184
Balance as at 31 December	**577,739**	**556,904**

Impairment test for Joint Venture

The impairment test is performed by a comparison of the carrying amount of the investment in joint venture and considered by Prime`s management as being its CGU. Whenever the recoverable amount is less than the carrying amount, an impairment loss is recognized to reduce the carrying amount to the recoverable amount. The recoverable amount of an asset or a cash -generating unit is the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed when there is an indication that the conditions leading to the impairment have ceased. Those reversals are recognized in profit or loss and are limited to the asset's carrying amount that would have been determined had no impairment been previously recognized.

Impairment losses amounting to USD 136 million were recognized to date, during the financial year USD 18 million were recognized. In assessing value in use, estimated future cash flows were discounted to their present value using a post-tax discount rate of 18.54%. This discount rate is based on the appropriate weighted average cost of capital, which considers the cost of equity and the cost of debt for entities with portfolios of assets of similar tenure and comparable debt-to-equity ratios. Market risk, country risk, and segment-specific risk are incorporated by applying individual percentages and beta factors, which are evaluated annually based on publicly available market data.

Future oil price levels represent a key assumption and have a significant impact on the net present value. Forecasted oil and gas prices are based on management's estimates and available market data. Information about market prices in the near term can be derived from the futures contract market. However, information about future prices becomes less reliable over the long term due to fewer observable market transactions. In the impairment test, oil prices for the period are based on Brent prices as forecasted by Independent Qualified Reserves Engineers (IQRE) analysis and management's long-term price assumptions thereafter.

Future capital expenditures (CAPEX), operating expenses (OPEX), are calculated based on various technical assumptions such as expected production profiles and the best estimate of the related costs.

Another key assumption with a significant impact on the net present values is the field's license expiry dates. Following the 20-year renewal of the OML 130 license in May 2023, the new expiry date of the concession is May 2043. The expiry date of the OML 127 concession is December 2024. However, the entity also considered cash flows beyond this date in its impairment test, as Prime's management has applied for renewal and is confident that the OML will be renewed in accordance with industry practice.

Summary Key assumptions for the impairment test

The main assumptions for the impairment test, the management assesses that for December 2023, the main variables for the test are listed below:

Key Assumptions in 2023	**Unit/amount**
Oil Barrel	US$/boe –range 63.0 to 123.5
Discount Rate	18.54%
End of Concession	OML 127 - 2044 OML 130 - 2043
Petroleum Tax Rate	30%

NOTE 7 – CASH AND CASH EQUIVALENTS

As of 31 December 2023, cash consists solely of amounts held in current accounts with banks. These balances are readily available for use in the Company's operations and are subject to an insignificant risk of changes in value.

NOTE 8 – SUBSCRIBED CAPITAL

As of 31 December 2023, the subscribed capital amounts to USD 20 (2022 and 2021: USD 20) and is divided into 20,000 shares fully paid up with a par value of USD 1. All shares have equal voting rights.

NOTE 9 – SHARE PREMIUM

Movements in the share premium are as follows:

	2023 USD '000	2022 USD '000 (unaudited)
Balance as at 1 January	**811,399**	**1,185,761**
Share premium repaid in cash	(172,600)	(349,602)
Share premium compensated against loans to related parties	-	(24,760)
Balance as at 31 December	**638,799**	**811,399**

On 30 June 2023, the Company has repaid USD 61,200 of its share premium to its shareholders. Subsequently on 15 September 2023 and 15 December 2023, the Company has repaid USD 62,200 and USD 49,200, respectively, of its share premium to its shareholders.

On 12 May 2022, the Company has paid USD 222,754 of its share premium to its shareholders. Subsequently on 12 July 2022, the Company has repaid USD 64,107 and on 3 November 2022, the Company has paid USD 87,500 of share premium in to its shareholders.

NOTE 10 – LEGAL RESERVE

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

As at 31 December 2023, the legal reserve of the company, amounting to USD 2, represents 10% of its subscribed share capital.

NOTE 11 - RELATED PARTY BALANCES AND TRANSACTIONS

11.1 Parent Entities

This entity is controlled by the following entities:

Name	Type	Place of incorporation	Ownership Interest	
			2023	**2022**
BTG pactual Oil & Gas S.a.r.l	Immediate parent entity	Luxemburg	80%	80%
Urano LuxCo 2 S.a.r.l	Immediate parent entity	Luxemburg	20%	20%
Banco BTG Pactual S.A.	Ultimate parent entity and controlling party	Brazil	100%	100%

11.2 The Company has transactions with related parties as disclosed in Notes 6 and 9. Additionally, the Company has the following balances and transactions with related parties:

2023	**Nature of relation**	**Interest income USD '000**	**Loans receivable USD '000**	**Bank Deposit USD '000**
BTG Pactual S.A.	Ultimate parent entity and controlling party	-	-	966
BTG Pactual Oil&Gas Sàrl.	Company's shareholder	1	-	-

2022	**Nature of relation**	**Interest income USD '000**	**Loans receivable USD '000**	**Bank Deposit USD '000**
BTG Pactual S.A.	Ultimate parent entity and controlling party	-	-	237
BTG Pactual Oil&Gas Sàrl.	Company's shareholder	5	361	-

NOTE 12 - FINANCIAL RISK MANAGEMENT

Market risk

The Company is indirectly exposed to crude oil market risks, as its investee (refer to Note 6) is actively involved in the exploration and development of oil fields in Nigeria.

Credit risk

Credit risk is the risk that any counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a loss for the Company. The risk arises principally from prepayments and cash and cash equivalents.

As at 31 December 2023, the Company has cash in Cayman banks, and considers that the expected credit risk linked to cash is negligible, as counterparty is a reputable banks with stable credit rating outlook by Fitch and S&P and positive by Moody`s

With respect to the trade and other receivables of the Company, the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying value of these instruments.

Liquidity risk

The Company, with the support of the Group, manages liquidity risk by maintaining adequate cash balances and banking facilities, continuously monitoring forecast and actual cash flows and ensuring that sufficient cash is available in order to pay outstanding liabilities at their due date.

As at 31 December 2023 and 31 December 2022, the trade and other payables of the Company were due within less than 3 months.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities – trade suppliers and taxes due in Luxembourg, denominated in EUR. The Company does not take specific measures to address its exposure to foreign currency risk, considering the potential impact not material.

A +/- 5% variation in the EUR / USD exchange rate would lead to an impact of USD 24 (2022: USD 45) on the profit before tax and the pre-tax equity of the Company.

NOTE 13 - SUBSEQUENT EVENTS

On 14 May 2024 the Company has repaid USD 23,750 of its share premium to its shareholders.

On 19 April 2024, the Company has received $25 million from Prime.

On June 24, 2024, BTG Pactual Holding S.a.r.l. and Africa Oil Corp. entered into an agreement regarding their joint 50:50 ownership of Prime Oil & Gas. Under this agreement, the Company is intended to be amalgamated under Canadian corporate law with a newly created subsidiary of Africa Oil. Completion of the agreement is subject to shareholder and regulatory approvals, among other conditions.

The financial statements were authorized for issuance on 29 August 2024.

Luxembourg, 29 August 2024

Board of Managers

[redacted]	[redacted]
Pablo Sanchez Costa	Aldo Perracini
Class A Manager	Class B Manager
30 August 2024 | 2:15:44 PM CEST	30 August 2024 | 6:00:17 PM CEST

[redacted]

Independent auditor's report

To the board of Managers of
BTG Pactual Holding S.à r.l.

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BTG Pactual Holding S.à r.l. (the Company) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards').

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income as at 31 December 2023;
- the statement of financial position as at 31 December 2023;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF) together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Comparative information

The comparative information as at, and for the year ended 31 December 2022 has not been audited.

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

Responsibilities of the Board of Managers for the financial statements

The board of Managers is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the board of Managers determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of Managers;

- Conclude on the appropriateness of the board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PricewaterhouseCoopers, Société coopérative Luxembourg, 9 September 2024
Represented by

Tal Ribon

SCHEDULE E
PRIME FINANCIAL STATEMENTS

(see attached)

Interim condensed consolidated financial statements 30 June 2024

Prime Oil & Gas Coöperatief U.A.

Rotterdam

8 August 2024

Contents Page

Interim condensed consolidated statement of profit or loss and other comprehensive income

		Three months ended		Six months ended	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Note	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Revenue	5	268,684	272,978	445,252	547,671
Cost of sales	6	(172,937)	(140,537)	(249,715)	(275,403)
Gross Profit		**95,747**	**132,441**	**195,537**	**272,268**
Other operating income	7	-	22,493	-	24,709
Exploration expenses		(775)	(703)	(1,467)	(1,196)
Other operating expenses		(6,653)	(11,554)	(15,932)	(19,264)
Operating Profit		**88,319**	**142,677**	**178,138**	**276,517**
Finance income	8	1,118	2,376	3,145	3,950
Finance costs	8	(22,915)	(21,860)	(52,880)	(42,238)
Profit before tax		**66,522**	**123,193**	**128,403**	**238,229**
Income tax (expense)/credit	9	(31,952)	302,100	(50,765)	262,113
Profit for the period		**34,570**	**425,293**	**77,638**	**500,342**
- membership interest of the parents		34,570	425,293	77,638	500,342
- non-controlling interest		-	-	-	-
Total other comprehensive expense for the period		-	-	-	-
Total comprehensive income for the period		**34,570**	**425,293**	**77,638**	**500,342**
- membership interest of the parents		34,570	425,293	77,638	500,342
- non-controlling interest		-	-	-	-

Approved on behalf of the Board:

[redacted]

Mr. Aldo Vinicius Perracini
Chief Executive Director

The notes on pages 9 to 20 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of profit or loss and other comprehensive income - continued

		Three months ended		Six months ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Note	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Revenue	5	272,978	352,726	547,671	761,519
Cost of sales	6	(140,537)	(207,830)	(275,403)	(488,869)
Gross Profit		**132,441**	**144,896**	**272,268**	**272,650**
Other operating income	7	22,493	51,656	24,709	105,404
Exploration expenses		(703)	(795)	(1,196)	(1,248)
Other operating expenses		(11,554)	(9,614)	(19,264)	(16,272)
Operating Profit		**142,677**	**186,143**	**276,517**	**360,534**
Finance income	8	2,376	1,384	3,950	1,511
Finance costs	8	(21,860)	(15,210)	(42,238)	(32,689)
Profit before tax		**123,193**	**172,317**	**238,229**	**329,356**
Income tax credit/(expense)	9	302,100	(128,524)	262,113	(198,646)
Profit for the period		**425,293**	**43,793**	**500,342**	**130,710**
- membership interest of the parents		425,293	43,793	500,342	130,710
- non-controlling interest		-	-	-	-
Total other comprehensive expense for the period		-	-	-	-
Total comprehensive income for the period		**425,293**	**43,793**	**500,342**	**130,710**
- membership interest of the parents		425,293	43,793	500,342	130,710
- non-controlling interest		-	-	-	-

The notes on pages 9 to 20 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of financial position

		30 June 2024	31 December 2023	30 June 2023	31 December 2022
		USD 1,000	USD 1,000	USD 1,000	USD 1,000
Assets	*Note*				
Oil and gas properties	10	1,962,749	2,097,023	2,459,793	2,545,014
Other property, plant and equipment		11	70	131	191
Other receivables		90	445	512	426
Non-current assets		**1,962,850**	**2,097,538**	**2,460,436**	**2,545,631**
Inventories		94,661	99,566	97,818	95,102
Trade and other receivables	11	164,708	245,283	205,287	206,464
Prepayments and recoverable taxes		113	334	262	280
Derivative financial instruments		-	6,378	-	-
Cash and cash equivalents	12	305,536	152,215	217,552	331,695
Current assets		**565,018**	**503,776**	**520,919**	**633,541**
Total assets		**2,527,868**	**2,601,314**	**2,981,355**	**3,179,172**
Equity	13				
Membership interests		526,210	526,210	526,210	526,210
Accumulated losses		(35,842)	(141,873)	(141,873)	(141,873)
Unappropriated result		27,638	106,031	375,342	-
Total equity attributable to members		**518,006**	**490,368**	**759,679**	**384,337**
Loans and borrowings - non-current	14	535,153	651,915	732,647	360,222
Decommissioning liabilities	15	324,243	340,539	334,612	328,100
Other provisions		305,263	305,263	305,263	305,263
Employee benefits		4,275	2,985	6,018	4,055
Deferred income tax liabilities	11	454,981	484,372	646,182	1,055,277
Non-current liabilities		**1,623,915**	**1,785,074**	**2,024,722**	**2,052,917**
Loans and borrowings - current	14	206,071	86,485	3,162	420,439
Trade and other payables	16	129,154	162,455	145,700	143,235
Taxes and royalties payable	17	50,722	76,932	48,092	178,244
Current liabilities		**385,947**	**325,872**	**196,954**	**741,918**
Total liabilities		**2,009,862**	**2,110,946**	**2,221,676**	**2,794,835**
Total liabilities and equity		**2,527,868**	**2,601,314**	**2,981,355**	**3,179,172**

The notes on pages 9 to 20 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity

			Equity attributable to members		
		Membership interests	Accumulated losses	Unappropriated result	Total
	Note	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Balance as at 1 January 2024		**526,210**	**(141,873)**	**106,031**	**490,368**
Transfer of result prior year to accumulated losses		-	106,031	(106,031)	-
Total comprehensive income					
Profit for the half-year		-	-	77,638	77,638
Other comprehensive expense		-	-	-	-
Total comprehensive income		-	-	**77,638**	**77,638**
Total contributions by and distributions to members of the Company, recognised directly in equity					
- Distributions	13	-	-	(50,000)	(50,000)
Total transactions with members		-	-	**(50,000)**	**(50,000)**
Balance as at 30 June 2024		**526,210**	**(35,842)**	**27,638**	**518,006**
Balance as at 1 January 2023		**526,210**	**(141,873)**	-	**384,337**
Transfer of result prior year to accumulated losses		-	-	-	-
Total comprehensive income					
Profit for the half-year		-	-	500,342	500,342
Other comprehensive expense		-	-	-	-
Total comprehensive income		-	-	**500,342**	**500,342**
Total contributions by and distributions to members of the Company, recognised directly in equity					
- Distributions	13	-	-	(125,000)	(125,000)
Total transactions with members		-	-	**(125,000)**	**(125,000)**
Balance as at 30 June 2023		**526,210**	**(141,873)**	**375,342**	**759,679**

The notes on pages 9 to 20 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity - continued

		Equity attributable to members			
		Membership interests	Accumulated losses	Unappropriated result	Total
	Note	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Balance as at 1 January 2023		**526,210**	**(141,873)**	**-**	**384,337**
Transfer of result prior year to accumulated losses		-	-	-	-
Total comprehensive income					
Profit for the half-year		-	-	500,342	500,342
Other comprehensive expense		-	-	-	-
Total comprehensive income		-	-	**500,342**	**500,342**
Total contributions by and distributions to members of the Company, recognised directly in equity					
- Distributions	13	-	-	(125,000)	(125,000)
Total transactions with members		-	-	**(125,000)**	**(125,000)**
Balance as at 30 June 2023		**526,210**	**(141,873)**	**375,342**	**759,679**
Balance as at 1 January 2022		**526,210**	**17,130**	**41,585**	**584,925**
Transfer of result prior year to accumulated losses		-	41,585	(41,585)	-
Total comprehensive income					
Profit for the half-year		-	-	130,710	130,710
Other comprehensive expense		-	-	-	-
Total comprehensive income		-	-	**130,710**	**130,710**
Total contributions by and distributions to members of the Company, recognised directly in equity					
- Distributions	13	-	(194,290)	(130,710)	(325,000)
Total transactions with members		-	**(194,290)**	**(130,710)**	**(325,000)**
Balance as at 30 June 2022		**526,210**	**(135,575)**	**-**	**390,635**

The notes on pages 9 to 20 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 30 June 2024 USD 1,000	Three months ended 30 June 2023 USD 1,000	Six months ended 30 June 2024 USD 1,000	Six months ended 30 June 2023 USD 1,000
Cash flows from operating activities					
Profit before tax		66,522	123,192	128,403	238,229
Adjustments for:					
Depreciation	6	94,388	90,725	191,086	183,431
Finance result, net of accretion expense	8	18,479	16,212	43,098	31,776
Accretion expense	8	3,318	3,272	6,637	6,512
Current E&P taxes	9	(1,245)	(47,338)	(4,729)	(132,957)
Corporate income taxes	9	(36,634)	(12,648)	(67,928)	(14,025)
Other taxes	9	(7,500)	-	(7,500)	-
Increase/(decrease) of provision for employee benefits		827	1,638	1,291	1,963
Working capital adjustments:					
Change in inventories		3,901	(1,059)	4,905	(2,716)
Change in trade and other receivables	11	9,161	(68,384)	88,026	7,204
Change in crude oil underlift receivables from joint venture	11	21,994	(708)	(7,028)	(6,197)
Change in crude oil overlift payable to joint venture partners	17	1,807	(1,209)	(45,413)	(3,272)
Change in prepayments and recoverable taxes		35	(53)	221	18
Change in trade and other payables	17	(6,587)	(23,302)	12,232	9,433
Change in taxes and royalties payables	18	(14,745)	(59,806)	(26,210)	(130,152)
Cash flows generated from operating activities		**153,721**	**20,532**	**317,091**	**189,247**
Cash flows from investing activities					
Expenditures on oil and gas properties	10	(48,555)	(77,711)	(79,685)	(98,150)
Interest income received	8	1,115	2,376	3,142	3,950
Cash flows used in investing activities		**(47,440)**	**(75,335)**	**(76,543)**	**(94,200)**
Cash flows from financing activities					
Distributions to members	13	(50,000)	(125,000)	(50,000)	(125,000)
Repayments on loans and borrowings	14	-	(720,312)	-	(782,314)
Proceeds from loans and borrowings	14	-	750,000	-	750,000
Interest expense paid	8	(18,255)	(29,188)	(36,151)	(51,959)
Derivatives		(1,008)	-	(1,008)	-
Proceeds from staff loan		(67)	-	(67)	83
Cash flows used in financing activities		**(69,330)**	**(124,500)**	**(87,226)**	**(209,190)**
		36,951	**(179,303)**	**153,322**	**(114,143)**
Cash and cash equivalents at the beginning of the period	12	**268,586**	**396,855**	**152,215**	**331,695**
Movement over the period		36,951	(179,303)	153,322	(114,143)
Cash and cash equivalents at the end of the period		**305,537**	**217,552**	**305,537**	**217,552**

The notes on pages 9 to 20 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows – continued

		Three months ended		Six months ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		USD 1,000	USD 1,000	USD 1,000	USD 1,000
	Note				
Cash flows from operating activities					
Profit before tax		123,192	172,317	238,229	329,357
Adjustments for:					
Depreciation	6	90,725	67,371	183,431	136,774
Finance result, net of accretion expense	8	16,212	10,280	31,776	23,527
Accretion expense	8	3,272	3,547	6,512	7,650
Current E&P taxes	9	(47,338)	(151,276)	(132,957)	(268,652)
Corporate income taxes	9	(12,648)	(1,581)	(14,025)	(4,975)
Increase of provision for employee benefits		1,638	609	1,963	1,037
Working capital adjustments:					
Change in inventories		(1,059)	(386)	(2,716)	(2,983)
Change in trade and other receivables	11	(68,384)	167,719	7,204	82,185
Change in crude oil underlift receivables from joint venture	11	(708)	(46,067)	(6,197)	37,871
Change in crude oil overlift payable to joint venture partners	17	(1,209)	132,038	(3,272)	202,751
Change in prepayments and recoverable taxes		(53)	(3)	18	64
Change in trade and other payables	17	(23,302)	(85,634)	9,433	(31,329)
Change in taxes and royalties payables	18	(59,806)	-	(130,152)	-
Cash flows generated from operating activities		**20,532**	**268,932**	**189,247**	**513,276**
Cash flows from investing activities					
Expenditures on oil and gas properties	10	(77,711)	(6,510)	(98,150)	(11,485)
Interest income received	8	2,376	1,267	3,950	1,395
Cash flows used in investing activities		**(75,335)**	**(5,242)**	**(94,200)**	**(10,090)**
Cash flows from financing activities					
Distributions to members	13	(125,000)	(125,000)	(125,000)	(325,000)
Repayments on loans and borrowings	14	(720,312)	-	(782,314)	(164,759)
Proceeds from loans and borrowings	14	750,000	-	750,000	150,000
Interest expense paid	8	(29,188)	(8,874)	(51,959)	(20,138)
Proceeds from staff loan		-	-	83	-
Cash flows used in financing activities		**(124,500)**	**(133,874)**	**(209,190)**	**(359,897)**
		(179,303)	**129,815**	**(114,143)**	**143,289**
Cash and cash equivalents at the beginning of the period	12	**396,855**	**531,352**	**331,695**	**517,878**
Movement over the period		(179,303)	129,815	(114,143)	143,289
Cash and cash equivalents at the end of the period		**217,552**	**661,167**	**217,552**	**661,167**

The notes on pages 9 to 20 are an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

1 Reporting entity and its business

Prime Oil & Gas Coöperatief U.A. ('the Company') is a cooperative with exclusion of liability incorporated and domiciled in The Netherlands, registered at the trade register with number 34224579 as referred to in Article 9 section A of the Trade Register Act 2007. The address of the Company's registered office is Delftse Poort, Tower A – 21st floor, Weena 505, 3013 AL, Rotterdam, The Netherlands.

The interim condensed consolidated financial statements of the Company for the three and six months ended 30 June 2024 and for the three and six months ended 30 June 2023 comprise the figures of the Company and its subsidiaries (jointly referred to as the 'Group' and individually as 'Group entities').

The Group is primarily involved in the exploration and production of oil and gas through its subsidiaries in Nigeria.

The Group is owned for 50% by PetroVida Holding B.V., Rotterdam, The Netherlands and for 50% by BTG Pactual Holding S.à r.l., a private limited liability company governed and existing under the laws of the Grand Duchy of Luxembourg.

Ultimate parent company of Petrovida is Africa Oil Corporation ('Africa Oil'), Vancouver, Canada. BTG is ultimately held by BTG Pactual Holding S.A. ('BTG'), Sao Paulo, Brazil, with a minority stake held by Helios Investment Partners, London, United Kingdom, Petralon Energy Limited, Lagos, Nigeria and various other shareholders.

On 23 June 2024, indirect shareholders of the Company entered into an agreement to reorganise and consolidate their respective shareholdings in the Company. On completion of this reorganisation, Africa Oil will indirectly hold 100% of the Company, with BTG receiving newly issued common shares in Africa Oil, representing approximately 35% of the outstanding share capital of the enlarged Africa Oil.

2 Basis of preparation

Statement of compliance and authorisation

The Company prepares its interim condensed consolidated financial statements for the three and six months ended 30 June 2024 and for the three and six months ended 30 June 2023 in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy. The Group uses the successful efforts method of accounting for exploration and development costs.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. Management considers that there are no material uncertainties that may cast significant doubt over this assumption. In assessing the appropriateness of the going concern assumption, management have stress-tested the Group's most recent financial projections to incorporate a range of potential future outcomes by considering the Group's principal risks, further potential downside pressures on oil and gas prices and cash preservation measures, including reduced future operating costs, capital expenditure and distributions to members. Consideration has also been given to climate change and energy transition risk, although any associated material impacts are generally considered of a longer-term nature, outside the five-year business plan period. Therefore, this risk was not assessed as a stress case scenario for the going-concern assumption. However, it is worth noting that key assumptions that underpin the amounts recognised in these interim condensed consolidated financial statements, such as future oil and gas prices, discount rates, future costs of decommissioning and tax rates, cover periods beyond five years and do take climate change and energy transition implicitly into account.

The assessment performed confirmed that the Group has adequate cash and other liquid resources to enable it to meet its obligations as they fall due in order to continue its operations during the going concern period.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in USD, which is the Group's presentation and functional currency as the majority of the Group's transactions are denominated in USD.

All financial information presented in USD has been rounded to the nearest thousand (USD'000), except when otherwise indicated.

Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these interim condensed consolidated financial statements, have been described in the Company's audited consolidated financial statements for the year ended 31 December 2023.

3 Accounting policies

All significant accounting policies used in the preparation of these interim condensed consolidated financial statements are described in the Company's consolidated financial statements for the year ended 31 December 2023.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023 as well as the corresponding interim reporting periods, except for the adoption of new and amended IFRS Accounting Standards effective as of 1 January 2024.

The below amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IAS 1 Presentation of Financial Statements: *Classification of Liabilities as Current or Non-current* (issued on 23 January 2020 and 15 July 2020 respectively) and *Non-current Liabilities with Covenants* (issued on 31 October 2022).

- Amendments to IFRS 16 Leases: *Lease Liability in a Sale and Leaseback* (issued on 22 September 2022).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: *Disclosures: Supplier Finance Arrangements* (Issued on 25 May 2023).

4 Significant changes in the current reporting periods

The Group has sufficient working capital and committed financing facilities to service its operating activities and investment commitments as at 30 June 2024. In addition, the Group has sufficient headroom to enable it to conform to covenants on its existing borrowings as at 30 June 2024.

The financial position and performance of the Group was particularly affected by the following events and transactions during the three and six months ended 30 June 2024:

- In April 2024, the Group distributed USD 50 million to its members, in accordance with the respective members' economic interests held (50/50).
- In April 2024, the Group cancelled USD 250 million of the RBL facility's commitment, thereby reducing the total commitment to USD 800 million.
- The Group's cash position of USD 306 million and debt balance of USD 750 million, resulting in a net debt position of USD 444 million at 30 June 2024.

The financial position and performance of the Group was particularly affected by the following events and transactions during the three and six months ended 30 June 2023:

- In March 2023, the RBL banks and the Group agreed updated technical assumptions, leading to a revision of the borrowing base amount and the repayment in Q1 2023 of USD 43 million on the RBL facility, being the excess of the remaining RBL principal balance over the revised borrowing base amount.
- Effective March 2023, the Group voluntary converted its OML 127 license (then renamed to PML 52) to operate under the new fiscal regime Petroleum Industry Act 2021 ('PIA'). The Group also renewed its OML 130 license (then renamed to PML 2, 3, 4 and PPL 261), resulting in this license also operating under the terms of the new PIA as from June 2023.
- As of these respective conversion dates, the Group became subject to 30% corporate income tax on income derived from its oil and gas operations and is no longer subject to Petroleum profit tax ('PPT') and no longer entitled to investment tax credits. As a result, amongst others, the Group recognised in Q2 2023 a release, amounting to USD 346 million, of its deferred tax liabilities upon OML 130 converting to PIA. Before conversion, the Group used and exhausted its unused investment tax credits; lower additional credits have since been generated on capital expenditure incurred on qualifying assets.
- In June 2023, the Group distributed USD 125 million to its members, in accordance with the respective members' economic interests held (50/50).
- Resulting from the refinancing of the RBL and PXF facility, effective in June 2023 upon OML 130 license renewal, USD 782 million has been repaid on remaining principals, whilst USD 750 million has been drawn under the new refinanced RBL facility.
- The Group's cash position of USD 218 million and debt balance of USD 750 million, resulting in a net debt position of USD 532 million at 30 June 2023.

5 Revenue

Revenue represents the value of the Group's share of crude oil and natural gas produced in Nigeria, with any excess or deficit of crude oil sold over its entitlement share of production recognised in 'Cost of sales'.

The increase in crude oil revenue in Q2 2024 was mainly due to a higher realised sales price of USD 89.0/bbl in Q2 2024 compared to USD 85.3/bbl in Q2 2023. In Q2 2024 and Q2 2023, the Group was allocated 3 oil liftings with total sales volume of around 3 million barrels.

The decrease in crude oil revenue in HY 2024 was mainly due to lower sales volumes in HY 2024 partly offset by a higher realised price of USD 87.6/bbl in HY 2024 compared to USD 83.3/bbl in HY 2023. In HY 2024, the Group was allocated 5 oil liftings with total sales volume of around 5 million barrels, compared to 6 oil liftings with total sales volume of around 6 million barrels in HY 2023.

The increase in crude oil revenue in Q2 2023 was mainly due to a higher realised sales price of USD 85.3/bbl in Q2 2023 compared to USD 77.1/bbl in Q2 2022. In Q2 2023 and Q2 2022, the Group was allocated 3 oil liftings with total sales volume of around 3 million barrels.

The decrease in crude oil revenue in HY 2023 was mainly due to lower sales volumes in HY 2023 partly offset by a higher realised price of USD 83.3/bbl in HY 2023 compared to USD 71.9/bbl in HY 2022. In HY 2023, the Group was allocated 6 oil liftings with total sales volume of around 6 million barrels, compared to 8 oil liftings with total sales volume of around 8 million barrels in HY 2022.

6 Cost of sales

	Three months ended		Six months ended	
	30 June 2024	**30 June 2023**	**30 June 2024**	**30 June 2023**
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Production costs	(35,676)	(27,240)	(72,980)	(62,164)
Royalties	(19,101)	(24,520)	(38,151)	(39,336)
(Cost)/income from overlift	(1,807)	1,209	45,413	3,272
(Cost)/income from underlift	(21,994)	708	7,028	6,197
Depreciation	(94,358)	(90,695)	(191,026)	(183,371)
Total cost of sales	**(172,937)**	**(140,537)**	**(249,715)**	**(275,403)**

Cost of sales increased in Q2 2024 compared to Q2 2023, which is mainly due to an overlift movement in Q2 2024 compared to an underlift movement in Q2 2023. Production costs also increased in Q2 2024 and HY 2024, compared to Q2 2023 and HY 2023, because of planned shutdown maintenance costs.

Cost of sales decreased in HY 2024 compared to HY 2023, which is mainly due to a larger underlift movement in HY 2024 compared to HY 2023. The overlift/underlift position represents the Group's excess/shortfall of liftings over its entitlement share of production.

	Three months ended		Six months ended	
	30 June 2023	**30 June 2022**	**30 June 2023**	**30 June 2022**
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Production costs	(27,240)	(36,003)	(62,164)	(73,438)
Royalties	(24,520)	(18,515)	(39,336)	(38,095)
Income/(cost) from overlift	1,209	(132,038)	3,272	(202,751)
Income/(cost) from underlift	708	46,067	6,197	(37,871)
Depreciation	(90,695)	(67,341)	(183,371)	(136,714)
Total cost of sales	**(140,537)**	**(207,830)**	**(275,403)**	**(488,869)**

Cost of sales has decreased in Q2 2023 and HY 2023 compared to Q2 2022 and HY 2022, mainly due to an increase in the net underlift position in Q2 2023 and HY 2023 compared to an increase in the net overlift position in Q2 2022 and HY 2022.

Production costs decreased in Q2 2023 and HY 2023 compared to Q2 2022 and HY 2022, primarily from a lower entitlement production in 2023 compared to 2022 which resulted in a lower share of production costs apportioned to the Group.

Depreciation relates to the Group's producing oil and gas properties in Nigeria. Depreciation charges increased in Q1 2023 and HY 2023 compared to Q1 2022 and HY 2022 as, effective 1 January 2023, the Group changed the method of depletion on its facilities including FPSO from straight line to unit of production, to better reflect the consumption of the reserves' economic benefits.

7 Other operating income

	Three months ended		Six months ended	
	30 June 2024	**30 June 2023**	**30 June 2024**	**30 June 2023**
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Investment tax credits utilised	-	22,493	-	24,709
Total other operating income	-	**22,493**	-	**24,709**

	Three months ended		Six months ended	
	30 June 2023	**30 June 2022**	**30 June 2023**	**30 June 2022**
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Investment tax credits utilised	22,493	51,656	24,709	104,874
Other operating income	-	-	-	530
Total other operating income	**22,493**	**51,656**	**24,709**	**105,404**

In prior year, as from March 2023, the Group voluntary converted its OML 127 license (then renamed to PML 52) to operate under the new fiscal regime Petroleum Industry Act 2021 ('PIA'). The Group also renewed its OML 130 license (then renamed to PML 2, 3, 4 and PPL 261), resulting in this license also operating under the terms of the new PIA as from June 2023.

As of these respective conversion dates, the Group became subject to 30% corporate income tax on income derived from its oil and gas operations and is no longer subject to PPT and no longer entitled to investment tax credits. Before conversion, the Group used and exhausted its unused investment tax credits as 'Other operating income'. Lower additional credits have since been generated on capital expenditure incurred on qualifying assets.

As at 30 June 2024 and 2023, the Group does not have available any unclaimed investment tax credits carry forward (31 December 2023 and 2022: nil).

There were no unfulfilled conditions or contingencies during the periods.

8 Finance income and finance costs

Net finance costs in Q2 2024 compared to Q2 2023 slightly increased, mainly from lower interest income in Q2 2024 recognised on the Group's bank balances and deposits and higher interest expense incurred on the RBL facility.

Interest expense in HY 2024 mainly relates to interest incurred on the refinanced RBL facility, while interest expense in HY 2023 mainly related to interest incurred on the RBL and PXF facility. Also refer to note 14 to these interim condensed consolidated financial statements. Interest expense mainly increased in HY 2024 compared to HY 2023 resulting from, on average, higher balances due and slightly higher interest rates.

Net finance costs increased in Q2 and HY 2023 compared to Q2 and HY 2022, which is mainly due to higher interest expense incurred on the RBL and PXF facility.

Interest expense in Q2 and HY 2023 compared to Q2 and HY 2022 mainly increased resulting from higher interest rates, partially offset by the impact from lower average balances due.

9 Income tax (expense)/credit

In addition to corporate income taxes, typical exploration and production taxes on the Group's crude oil operations in Nigeria, such as Petroleum Profits Tax ('PPT') and education tax, are disclosed as income taxes. Upon conversion to the terms of the Petroleum Industry Act 2021 in prior year, the Group is no longer subject to PPT and no longer entitled to investment tax credits.

The Group recognised tax expense in Q2 2024 and HY 2024 compared to tax income in Q2 2023 and HY 2023, which is mainly caused by the Group recognising in Q2 2023 a release amounting to USD 346 million of its deferred tax liabilities upon OML 130 converting to PIA in Nigeria, at which moment a reduced corporate income tax rate of 30% became applicable to the Group's oil operations. In Q3 2023, the Group recognised an additional release of USD 62 million from OML 127 converting to PIA.

Petroleum profit tax ('PPT') decreased significantly in Q2 2024 and HY 2024, while corporate income tax increased, due to the lower corporate tax rate of 30% under the PIA regime compared to the previous 50% under the PPT regime.

The Group recognised tax income in Q2 2023 and HY 2023 compared to tax expense in Q2 2022 and HY 2022, mainly resulting from the release of the deferred tax liabilities in Q2 2023 relating to OML 130 converting to PIA.

PPT decreased significantly in Q2 2023 and HY 2023, while corporate income tax increased, due to the lower corporate tax rate of 30% under the PIA regime compared to the previous 50% under the PPT regime. The Group converted to PIA in Q3 2023 for OML 127, retrospectively as of March 2023, and in Q2 2023 for OML 130.

Pillar Two income taxes

The Group is considered to be within the scope of the OECD Pillar Two tax legislation, that has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation is effective for the Group's financial year beginning 1 January 2024.

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

Furthermore, the Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions. Since the Group's effective tax rate in all jurisdictions in which the Group operates is either above 15% or other transitional safe harbour relief applies, it has determined that it is not subject to Pillar Two "top-up" taxes.

Therefore, these interim condensed consolidated financial statements do not include information required by paragraphs 88A-88D of IAS 12 and the Group did not recognise current tax expense related to Pillar Two income taxes for the three and six months ended 30 June 2024.

10 Oil and gas properties

The composition of and movement in each of the Group's oil and gas asset classes is as follows:

	Asset Retirement Obligation (ARO)	Producing assets under development	Oil and gas producing assets	Oil and gas properties - total
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Net book values				
At 30 June 2024				
Cost	374,586	24,608	6,680,441	7,079,635
Accumulated depreciation and impairment	(210,860)	-	(4,906,026)	(5,116,886)
Net book value at 30 June 2024	**163,726**	**24,608**	**1,774,415**	**1,962,749**
At 31 December 2023				
Cost	397,519	16,486	6,608,878	7,022,883
Accumulated depreciation and impairment	(197,099)	-	(4,728,761)	(4,925,860)
Net book value at 31 December 2023	**200,420**	**16,486**	**1,880,117**	**2,097,023**
Reconciliation of net book values				
For the period ended 30 June 2024				
At 1 January 2024	200,420	16,486	1,880,117	2,097,023
Additions	-	8,122	71,563	79,685
Revision of decommissioning provision	(22,933)	-	-	(22,933)
Depreciation for the period	(13,761)	-	(177,265)	(191,026)
Net book value at 30 June 2024	**163,726**	**24,608**	**1,774,415**	**1,962,749**
For the year ended 31 December 2023				
At 1 January 2023	233,916	13,389	2,297,709	2,545,014
Additions	-	3,097	174,434	177,531
Revision of decommissioning provision	(518)	-	-	(518)
Depreciation for the year	(32,978)	-	(328,744)	(361,722)
Impairment charges	-	-	(263,282)	(263,282)
Net book value at 31 December 2023	**200,420**	**16,486**	**1,880,117**	**2,097,023**

The Group's additions to development and production assets of USD 80 million over HY 2024 (2023: USD 178 million) relate for USD 7 million (2023: USD 9 million) to the Agbami field (oil producing), for USD 65 million (2023: USD 166 million) to the Akpo and Egina fields (oil producing) and for USD 8 million (2023: USD 3 million) to the Preowei development field.

	Asset Retirement Obligation (ARO)	Producing assets under development	Oil and gas producing assets	Oil and gas properties - total
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Net book values				
At 30 June 2023				
Cost	398,037	13,924	6,532,059	6,944,020
Accumulated depreciation and impairment	(180,935)	-	(4,303,292)	(4,484,227)
Net book value at 30 June 2023	**217,102**	**13,924**	**2,228,767**	**2,459,793**
At 31 December 2022				
Cost	398,037	13,389	6,434,444	6,845,870
Accumulated depreciation and impairment	(164,121)	-	(4,136,735)	(4,300,856)
Net book value at 31 December 2022	**233,916**	**13,389**	**2,297,709**	**2,545,014**
Reconciliation of net book values				
For the period ended 30 June 2023				
At 1 January 2023	233,916	13,389	2,297,709	2,545,014
Additions	-	535	97,615	98,150
Depreciation for the period	(16,814)	-	(166,557)	(183,371)
Net book value at 30 June 2023	**217,102**	**13,924**	**2,228,767**	**2,459,793**
For the year ended 31 December 2022				
At 1 January 2022	45,434	12,231	2,699,881	2,757,546
Additions	-	1,158	46,609	47,767
Revision of decommissioning provision	191,089	-	(106,318)	84,771
Depreciation for the year	(2,607)	-	(260,138)	(262,745)
Impairment charges	-	-	(82,325)	(82,325)
Net book value at 31 December 2022	**233,916**	**13,389**	**2,297,709**	**2,545,014**

The Group's additions to development and production assets of USD 98 million over HY 2023 (2022: USD 48 million) relate for USD 3 million (2022: USD 11 million) to the Agbami field (oil producing), for USD 95 million (2022: USD 36 million) to the Akpo and Egina fields (oil producing) and for USD 0.5 million (2022: USD 1 million) to the Preowei development field.

Expenditures on oil and gas properties on the Akpo and Egina fields include the OML 130 license renewal fee.

11 Trade and other receivables

The composition of the Group's trade and other receivables is as follows:

	30 June 2024	31 December 2023	30 June 2023	31 December 2022
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Trade receivables	83,947	155,405	86,139	86,878
Crude oil underlift	48,441	41,413	51,378	45,181
Short-term receivables with partners, net	31,723	48,217	67,622	74,114
Other receivables	597	248	148	291
Total trade and other receivables	**164,708**	**245,283**	**205,287**	**206,464**

Trade receivables amounting to USD 84 million as at 30 June 2024 (2023: USD 155 million) mainly concern the USD 77 million receivable (2023: USD 151 million) from the sale of one Akpo cargo in June 2024 for which cash was received in July 2024.

Trade receivables amounting to USD 86 million as at 30 June 2023 (2022: USD 87 million) mainly concern the USD 77 million receivable (2022: USD 81 million) from the sale of one Egina cargo in June 2023 for which cash was received in July 2023.

12 Cash and cash equivalents

The composition of the Group's cash and cash equivalents is as follows:

	30 June 2024	31 December 2023	30 June 2023	31 December 2022
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Cash at bank and in hand	169,336	7,150	217,552	63,480
Deposits with banks	136,200	145,065	-	268,215
Total cash and cash equivalents	**305,536**	**152,215**	**217,552**	**331,695**

Cash and cash equivalents include cash at hand, bank account balances and deposits.

The majority of the Group's cash and cash equivalents is denominated in US Dollar and the Group only deposits cash surplus with major banks of high-quality credit standing.

13 Distributions

In HY 2024, the Group made distributions to its members of USD 50 million. These distributions have been allocated in accordance with the respective members' economic interests held (50/50).

No further subsequent distributions have been made as to date.

In HY 2023, the Group made distributions to its members of USD 125 million. These distributions have been allocated in accordance with the respective members' economic interests held (50/50).

14 Loans and borrowings

The movement and composition of the Group's loans and borrowings is as follows:

	HY 2024	2023	HY 2023	2022
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Reserve Based Lending - principal beginning period	750,000	501,064	501,064	866,789
Repayments Reserve Based Lending	-	(501,064)	(501,064)	(365,725)
Drawdown Reserved Based Lending	-	750,000	750,000	-
Reserve Based Lending - principal per end of period	**750,000**	**750,000**	**750,000**	**501,064**
Capitalised transaction costs per end of period	(8,776)	(11,600)	(14,191)	(1,653)
RBL amortised cost value per end of period	**741,224**	**738,400**	**735,809**	**499,411**
Pre-export Financing - principal beginning period	-	281,250	281,250	150,000
Drawdown Pre-export Financing	-	-	-	150,000
Repayments Pre-export Financing	-	(281,250)	(281,250)	(18,750)
Pre-export Financing - principal per end of period	-	-	-	**281,250**
PXF amortised cost value per end of period	-	-	-	**281,250**
Total loans and borrowings per end of period	**741,224**	**738,400**	**735,809**	**780,661**
Total loans and borrowings - non-current	535,153	651,915	732,647	360,222
Total loans and borrowings - current	206,071	86,485	3,162	420,439

Resulting from the refinancing in June 2023 of the RBL and PXF facilities, as at 30 June 2024 and 30 June 2023, USD 750 million has been drawn under the refinanced RBL facility with a total commitment of USD 1,050 million. In April 2024, the Group cancelled USD 250 million of the RBL facility's commitment, thereby reducing the total commitment to USD 800 million.

Repayment of the refinanced RBL facility is to occur in semi-annual instalments over a period of 6 years, starting 20 June 2025, insofar that the outstanding balance of the facility will not exceed the borrowing base amount.

No events of default or breaches of financial covenants occurred at the end of or during the periods.

15 Decommissioning liabilities

The movement of the Group's decommissioning liabilities is as follows:

	HY 2024	2023	HY 2023	2022
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
At beginning of period	340,539	328,100	328,100	229,119
Revision recorded as 'Oil and gas properties'	(22,933)	(518)	-	84,771
Accretion expense	6,637	12,957	6,512	14,210
At end of period	**324,243**	**340,539**	**334,612**	**328,100**

In HY 2024, the Group revised its provision for decommissioning liabilities downwards by USD 23 million (2023: downwards by USD 0.5 million, 2022: upwards by USD 85 million), resulting from periodic re-assessment of variables such as projected decommissioning cost per well, discount rates and economic lives of the fields. This revision has also been adjusted on 'Oil and gas properties'. Refer to note 10 to these interim condensed consolidated financial statements.

16 Other provisions

Through its ownership in OML 127 in Nigeria, Prime 127 has been a party to a tract participation redetermination process for the Agbami field. The final technical procedure to adjust the tract participation that the OPL 216 and OPL 217 licenses have in the Agbami field was completed in October 2015 with the issuance of the expert decision.

In June 2021, Prime 127 signed a Securitization Agreement with Equinor and Chevron, whereby Equinor agreed to pay a security deposit to the two other partners to secure future payments due under that Securitization Agreement, pending a comprehensive resolution being reached among all unit parties in respect of the tract participation in the Agbami field. In accordance with this agreement, in the same month, Prime 127 received from Equinor its portion of the security deposit in the form of a cash payment of USD 305 million.

A provision for the full cash payment has been recorded by the Group to reflect the mechanism pursuant to which any such imbalance payments due from Equinor to Prime 127 under the terms of any future agreement among the Agbami parties will be set-off against this security deposit.

The parties will continue ongoing discussions in an attempt to seek final resolution of the formal redetermination of the Agbami tract participation.

17 Trade and other payables

The composition of the Group's trade and other payables is as follows:

	30 June 2024	31 December 2023	30 June 2023	31 December 2022
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Trade and other payables	126,157	113,139	130,185	120,308
Crude oil overlift payable	1,807	47,220	13,487	16,758
RBL accrued interest payable	1,190	2,096	2,027	117
PXF accrued interest payable	-	-	-	6,052
Total trade and other payables	**129,154**	**162,455**	**145,699**	**143,235**

The Group's excess of crude oil purchased during the year over its entitlement share of production, is recognised as a crude oil overlift payable balance with a corresponding charge to 'Cost of sales'. As at 30 June 2024, an overlift payable balance has been recorded in the amount of USD 2 million (2023: USD 47 million).

18 Taxes and royalties payable

Upon conversion to PIA in 2023, the Group became subject to 30% corporate income tax on income derived from its oil and gas operations and is no longer subject to PPT. Before the conversion of OML 130 to operate under the PIA, the Group paid in 2023 the larger part of PPT due.

19 Commitments and contingencies

(i) Securities and guarantees

Under the conditions of the RBL facility, the main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities Prime 127 and Prime 130, cash and cash equivalents in the amount of USD 305 million as per 30 June 2024 that are held within the projects accounts in Nigeria and The Netherlands, proceeds from the oil cargos sold and proceeds from the intercompany receivables between the Company and the Nigerian entities.

Further, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured.

(ii) Commitments from forward sales

The Group uses physical forward sales contracts at variable pricing to manage its commodity price risk and ensure stability in cash flows. Its strategy is to cover approximately 50-70% of its next 12-months' scheduled cargos by forward contracts. As at 30 June 2024, four cargos of the Group's expected lifted entitlement production for the next year are covered by forward contracts. The average cargo lifted is for 1 million barrels of oil. The Group set triggers at USD 80 per barrel for three of its cargos in the 2nd half of 2024. Subsequently, the oil market experienced significant volatility, resulting in the activation of such triggers, fixing the Dated Brent for the cargos at an average of around USD 79.5 per barrel.

20 Related parties

The Group enters into transactions in the ordinary course of business with various related parties during the period. These transactions may relate to technical services based on service agreements with its subsidiaries, sale of crude oil and funds provided by and to subsidiaries and associated companies to finance the operations of the Group, including interest thereon. All these transactions are in principle carried out on an at arm's length basis.

21 Events after the reporting period

Subsequent to 30 June 2024, no events occurred that would require adjustment to these interim condensed consolidated financial statements.

Other information

The interim condensed consolidated financial statements are unaudited.

Special purpose consolidated financial statements 2023

Prime Oil & Gas Coöperatief U.A.

Rotterdam

8 September 2024

Contents

Special purpose consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Note	2023 USD 1,000	2022 USD 1,000
Revenue	5	1,162,234	1,446,337
Cost of sales	6	(597,975)	(556,368)
Gross Profit		**564,259**	**889,969**
Other operating income	7	24,709	112,810
Exploration expenses	8	(2,324)	(2,687)
Impairment charges oil and gas properties	9	(263,282)	(82,325)
Other operating expenses	10	(33,276)	(30,825)
Operating Profit		**290,086**	**886,942**
Finance income	11	6,833	6,491
Finance costs	11	(89,523)	(74,644)
Profit before tax		**207,396**	**818,789**
Income tax credit/(expense)	12	248,635	(519,377)
Profit for the year		**456,031**	**299,412**
- membership interest of the parents		456,031	299,412
- non-controlling interest		-	-
Total other comprehensive expense for the year		-	-
Total comprehensive income for the year		**456,031**	**299,412**
- membership interest of the parents		456,031	299,412
- non-controlling interest		-	-

Approved on behalf of the Board:

[redacted]

Mr. Aldo Vinicius Perracini
Chief Executive Director

The notes on pages 6 to 73 are an integral part of these special purpose consolidated financial statements.

Special purpose consolidated statement of financial position as at 31 December 2023

	Note	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Assets			
Oil and gas properties	13	2,097,023	2,545,014
Other property, plant and equipment	14	70	191
Other receivables	15	445	426
Non-current assets		**2,097,538**	**2,545,631**
Inventories	16	99,566	95,102
Trade and other receivables	17	245,283	206,464
Prepayments and recoverable taxes	18	334	280
Derivative financial instruments	27	6,378	-
Cash and cash equivalents	19	152,215	331,695
Current assets		**503,776**	**633,541**
Total assets		**2,601,314**	**3,179,172**
Equity	20		
Membership interests		526,210	526,210
Accumulated losses		(141,873)	(141,873)
Unappropriated result		106,031	-
Total equity attributable to members		**490,368**	**384,337**
Loans and borrowings - non-current	21	651,915	360,222
Decommissioning liabilities	22	340,539	328,100
Other provisions	23	305,263	305,263
Employee benefits	24	2,985	4,055
Deferred income tax liabilities	12	484,372	1,055,277
Non-current liabilities		**1,785,074**	**2,052,917**
Loans and borrowings - current	21	86,485	420,439
Trade and other payables	25	162,455	143,235
Taxes and royalties payable	26	76,932	178,244
Current liabilities		**325,872**	**741,918**
Total liabilities		**2,110,946**	**2,794,835**
Total liabilities and equity		**2,601,314**	**3,179,172**

The notes on pages 6 to 73 are an integral part of these special purpose consolidated financial statements.

Special purpose consolidated statement of changes in equity for the year ended 31 December 2023

		Equity attributable to members			
		Membership interest	Retained earnings/(accumulated losses)	Unappropriated result	Total
	Note	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Balance as at 1 January 2022		**526,210**	**17,130**	**41,585**	**584,925**
Transfer of result prior year to retained earnings		-	41,585	(41,585)	-
Total comprehensive income					
Profit for the year		-	-	299,412	299,412
Other comprehensive expense	20	-	-	-	-
Total comprehensive income		-	-	**299,412**	**299,412**
Total contributions by and distributions to members of the Company, recognised directly in equity					
- Distributions	20	-	(200,588)	(299,412)	(500,000)
Total transactions with members		-	**(200,588)**	**(299,412)**	**(500,000)**
Balance as at 31 December 2022		**526,210**	**(141,873)**	-	**384,337**
Balance as at 1 January 2023		**526,210**	**(141,873)**	-	**384,337**
Transfer of result prior year to retained earnings		-	-	-	-
Total comprehensive income					
Profit for the year		-	-	456,031	456,031
Other comprehensive expense	20	-	-	-	-
Total comprehensive income		-	-	**456,031**	**456,031**
Total contributions by and distributions to members of the Company, recognised directly in equity					
- Distributions	20	-	-	(350,000)	(350,000)
Total transactions with members		-	-	**(350,000)**	**(350,000)**
Balance as at 31 December 2023		**526,210**	**(141,873)**	**106,031**	**490,368**

The notes on pages 6 to 73 are an integral part of these special purpose consolidated financial statements.

Special purpose consolidated statement of cash flows for the year ended 31 December 2023

	Note	2023 USD 1,000	2022 USD 1,000
Cash flows from operating activities			
Profit before tax		207,396	818,789
Adjustments for:			
Depreciation	6	361,843	262,865
Impairment charges	9	263,282	82,325
Finance result, net of accretion expense	11	69,733	53,943
Accretion expense	22	12,957	14,210
Current E&P taxes	12	(159,972)	(631,690)
Corporate income taxes	12	(134,297)	(11,336)
Other taxes	12	(28,000)	(33,750)
Decrease of provision for employee benefits	24	(1,071)	(3,114)
Working capital adjustments:			
Change in inventories	16	(4,464)	(8,189)
Change in trade and other receivables	17	(31,935)	37,330
Change in crude oil underlift receivables from joint venture partners	17	(6,884)	38,757
Change in crude oil overlift payable to joint venture partners	25	30,462	8,056
Change in prepayments and recoverable taxes	18	(55)	147
Change in trade and other payables	25	(7,662)	(33,651)
Change in taxes and royalties payable	26	(101,312)	46,377
Net cash inflow from operating activities		**470,021**	**641,069**
Cash flows from investing activities			
Expenditures on oil and gas properties	13	(177,531)	(47,767)
Interest income received	11	5,825	6,264
Net cash outflow from investing activities		**(171,706)**	**(41,503)**
Cash flows from financing activities			
Distributions to members	20	(350,000)	(500,000)
Repayments on loans and borrowings	21	(782,314)	(384,475)
Proceeds from loans and borrowings	21	750,000	150,000
Interest expense paid	11	(89,957)	(51,303)
Derivatives	27	(5,370)	-
Increase loans to staff	15	(19)	(83)
Net cash outflow from financing activities		**(477,660)**	**(785,861)**
		(179,345)	**(186,295)**
Cash and cash equivalents at the beginning of the year	19	**331,695**	**517,878**
Foreign exchange variation on cash and cash equivalents		(135)	112
Movement over the year		(179,345)	(186,295)
Cash and cash equivalents at the end of the year		**152,215**	**331,695**

The notes on pages 6 to 73 are an integral part of these special purpose consolidated financial statements.

Notes to the special purpose consolidated financial statements for the year ended 31 December 2023

1 Reporting entity

Prime Oil & Gas Coöperatief U.A. ('the Company') is a cooperative with exclusion of liability incorporated and domiciled in The Netherlands, registered at the trade register with number 34224579 as referred to in Article 9 section A of the Trade Register Act 2007. The address of the Company's registered office is Delftse Poort, Tower A – 21st floor, Weena 505, 3013 AL, Rotterdam, The Netherlands.

The special purpose consolidated financial statements of the Company as at and for the year ended 31 December 2023 comprise the figures of the Company and its subsidiaries (jointly referred to as the 'Group' and individually as 'Group entities').

The Group is primarily involved in the exploration and production of oil and gas through its subsidiaries in Nigeria.

On 17 December 2020, the Company's legal form as Dutch private company with limited liability was converted to a Dutch cooperative with excluded liability, where its shareholders became the members of the Company. The legal entity, including the trade registration number, as well as the economic interests and voting rights in the capital of the cooperative did not change resulting from the conversion.

The Group is owned for 50% by PetroVida Holding B.V., Rotterdam, The Netherlands ('Petrovida') and for 50% by BTG Pactual Holding S.à r.l. ('BTG'), a private limited liability company governed and existing under the laws of the Grand Duchy of Luxembourg. The Petrovida financial statements are available for public use at the Chamber of Commerce in The Netherlands, the BTG financial statements at the Luxembourg Trade and Companies Register. Ultimate parent company of Petrovida is Africa Oil Corporation, Vancouver, Canada. BTG is ultimately held by BTG Pactual Holding S.A., Sao Paulo, Brazil, with a minority stake held by Helios Investment Partners, London, United Kingdom, Petralon Energy Limited, Lagos, Nigeria and various other shareholders.

2 Basis of preparation

Statement of compliance and authorisation of special purpose consolidated financial statements

The special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board (IFRS IASB). IFRS includes the application of International Financial Reporting Standards, including International Accounting Standards (IAS) and related interpretations of the IFRS Interpretations Committee (IFRICs).

The preparation of special purpose consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the special purpose consolidated financial statements, are disclosed in the note 'Significant accounting judgements, estimates and assumptions'.

The special purpose consolidated financial statements were authorised for issue by the Board of Directors.

Comparative figures

These special purpose consolidated financial statements for the year ended 31 December 2023 were prepared together with the comparative period data for the year ended 31 December 2022. The Group has consistently applied the accounting policies used throughout the periods presented, as if these policies had always been in effect, except for the adjustments described below and in note 3 (New standards and interpretations) to these special purpose consolidated financial statements.

Change of estimate - Depreciation of oil and gas properties

The Group's oil and gas properties consist of both drilling and facility assets, where previously the former assets have been depreciated using the UoP-method over total estimated proved and probable reserves ('2P') and the latter assets on a straight-line basis over the economic useful life of the respective field. To better reflect the consumption pattern of the reserves' economic benefits, the Group decided to apply the UoP-method on the facility asset class as well with effect from 1 January 2023. Based on IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, this changed pattern of consumption of economic benefits embodied in an asset is considered an accounting estimate and is therefore to be treated prospectively. The Group's significant accounting policies in note 4 to these special purpose consolidated financial statements have been adjusted accordingly.

Basis of measurement

The special purpose consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The Group uses the successful efforts method of accounting for exploration and development costs.

Going concern

The Directors performed their assessment of the Company's ability to continue as a going concern for at least 12 months from the date of preparation of the special purpose consolidated financial statements and have not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. As such, these special purpose consolidated financial statements have been prepared on a going concern basis.

In assessing the appropriateness of the going concern assumption, management have stress-tested the Group's most recent financial projections to incorporate a range of potential future outcomes by considering the Group's principal risks, further potential downside pressures on oil and gas prices and cash preservation measures, including reduced future operating costs, capital expenditure and distributions to members. Consideration has also been given to climate change and energy transition risk, although any associated material impacts are generally considered of a longer-term nature, outside the five-year business plan period. Therefore, this risk was not assessed as a stress case scenario for the going-concern assumption. However, it is worth noting that key assumptions that underpin the amounts recognised in these special purpose consolidated financial statements, such as future oil and gas prices, discount rates, future costs of decommissioning and tax rates, cover periods beyond five years and do take climate change and energy transition implicitly into account.

The assessment performed confirmed that the Group has adequate cash and other liquid resources to enable it to meet its obligations as they fall due in order to continue its operations during the going concern period.

Functional and presentation currency

(i) *Functional currency*

These special purpose consolidated financial statements are presented in USD, which is the Group's functional currency as the majority of the Group's transactions are denominated in USD.

All financial information presented in USD has been rounded to the nearest thousand (USD'000), except when otherwise indicated.

(ii) Foreign currency

Monetary assets and liabilities denominated in foreign currency are translated into USD at the exchange rates prevailing on balance sheet date. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income' or 'finance costs'. Translation differences related to changes in amortised cost are recognised in profit and loss, and other changes in carrying amount are recognised in other comprehensive income.

At year-end the following rates have been used:

2023: EUR 1 = USD 1.1050

2022: EUR 1 = USD 1.0666

Significant accounting judgements, estimates and assumptions

The preparation of the Group's special purpose consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the date of the special purpose consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognised prospectively.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and in the relevant notes to the special purpose consolidated financial statements.

Judgements

(i) Classification of joint arrangements (Note 4)

The special purpose consolidated financial statements include transactions of non-operated Production Sharing Agreements ('PSAs'). The PSA transactions include the Group's proportionate share of the PSAs assets, liabilities and expenses, with items of a similar nature on a line-by-line basis, from the date that participation in the PSA arrangements commenced.

The Group has applied judgment in determining that it has joint control over the PSAs. This determination recognises that all major decisions outside the original scope of the operations require unanimous approval by at least the Group and one or more of the PSAs partners. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure program for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle.
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - The legal form of the separate vehicle;
  - The terms of the contractual arrangement;
  - Other facts and circumstances (when relevant).

As the Group has a proportionate share of the rights to the PSAs' assets and the obligations for the PSAs' liabilities, it classifies these interests as a Joint Operation under IFRS 11, *Joint Arrangements*, and presents its proportionate share of the assets, liabilities, revenues and expenses on a line-by-line basis in the special purpose consolidated financial statements.

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. If the Group did not have both joint control and a proportionate share of the rights to the PSAs' assets and obligations for the PSAs' liabilities, it would present only its net investment in the PSAs and its proportionate share of the PSAs' net income in the special purpose consolidated financial statements.

(ii) Accounting for leases and joint operations (Note 4)

Where the Group participates in a joint operation, either as a lease operator or non-operator party, determining whether to recognise and whether to measure a lease obligation involves judgement and requires identification of which entity has primary responsibility for the lease obligations entered into in relation to the joint operation's activities.

Where the joint operation (including all parties to that arrangement) has the right to control the use of the identified asset and all parties have a legal obligation to make payments to the third-party supplier, each joint operation participant would recognise its proportionate share of the lease-related balances. This may arise where all parties to an unincorporated joint operation sign the lease agreement, or the joint operation is some sort of entity or arrangement that can sign in its own name.

However, where the Group is the lead operator and the sole signatory such that it is the one with the legal obligation to pay the third-party supplier, it would recognise 100% of the lease-related balances on its balance sheet. The Group would then need to assess whether the arrangement with the non-operator parties contains a sublease. This assessment would be based on the terms and conditions of each arrangement and may be impacted by the legal jurisdiction in which the joint arrangement operates. Regardless of whether there is a sublease or not, the Group, in case it acts as the lead operator, would continue to recognise the lease liability for as long as it remains a party to the arrangement with the third-party supplier and has primary obligation to the lease payments.

(iii) Revenue recognition (Note 5)

Judgement is required in determining when and how much revenue to recognise from contracts with customers. While the Group has determined that all revenue from contracts with customers is earned at a point in time, there is judgement involved in this consideration. Contractual arrangements for the sale of different products or with different terms may result in revenue being recognised over time.

There is also judgement involved in assessing whether the Group is the principal or agent in revenue transactions. In determining that the Group is acting as principal, the terms of the agreements were carefully considered and it was concluded that the Group controls the product before it is transferred to the customer. In alternate arrangements, the Group could be determined to be acting as agent.

Under the terms of existing contracts, the Group has determined that shipping or transportation services are not being provided to the customer, and that the only performance obligations are for the sale of crude oil and natural gas. Judgement is required in determining whether shipping is being provided as a service, and this impacts on the identification of performance obligations, whether all performance obligations are recognised at a point in time or over time, and the overall timing of revenue recognition.

Finally, judgement is required to determine whether the contractual arrangements contain only variable consideration, or also embedded derivatives, and if variable consideration, whether to exercise the constraint.

(iv) Taxes (Note 12)

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management’s estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(v) Contingencies (Note 31)

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Estimates and assumptions

(i) Hydrocarbon reserve and resource estimates (Notes 13 and 22)

Oil and gas production assets are depreciated on a units-of-production (UoP) basis at a rate calculated by reference to total proved and probable oil and gas reserves (‘2P’) determined in accordance with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework.

The Group estimates its commercial reserves based on information provided by reputable independent petroleum engineers, which concerns amongst others the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates.

Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices. The current long-term Brent oil price assumption used in the estimation of commercial reserves is based on the long-term oil price forward curve of Bloomberg L.P. The carrying amount of oil and gas development and production assets at 31 December 2023 is shown in note 13.

As the economic assumptions used may change and, as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group’s reported financial position and results, which include:

- The carrying value of ‘Oil and gas properties’ (including capitalised asset retirement obligations) of USD 2,097 million (2022: USD 2,545 million) may be affected due to changes in estimated future cash flows.

- Depreciation and amortisation charges in profit and loss may change where such charges are determined using the UoP-method, or where the useful life of the related assets change.
- Provisions for decommissioning amounting to USD 341 million as at 31 December 2023 (2022: USD 328 million) may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

(ii) Units-of-production depreciation of oil and gas properties (Note 13)

Oil and gas properties amounting to USD 2,097 million (2022: USD 2,545 million) are depreciated using the UoP-method over total estimated proved and probable hydrocarbon reserves (‘2P’). This results in a depreciation/amortisation charge that is proportional to the depletion of the anticipated remaining production from the field. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserve. The calculation of the UoP-rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total estimated proved and probable reserves, or future capital expenditure estimates change. Changes to proved and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including the effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions or unforeseen operational issues.

(iii) Recoverability of oil and gas properties (Note 13)

The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, with reference to total proved and risk-adjusted probable reserves (‘2P’), a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves (see Hydrocarbon reserves and resource estimates above), operating performance (which includes production and sales volumes), the economic useful lives of the fields, license expiry dates and license renewal fees. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. Value in use of oil and gas properties is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU.

Management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

(iv) Decommissioning costs (Note 22)

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group’s facilities and properties. The Group assesses its decommissioning provision, amounting to USD 341 million as at 31 December 2023 (2022: USD 328 million), at each reporting date. 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, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required, based on cash flows discounted to their present value using a discount rate that reflects current market assessments of the time value of money.

Group's interest in joint arrangements

Except for the Group's licenses in Nigeria, at balance sheet date, all its blocks in former Group entities have been relinquished.

- *Prime 127 Nigeria Limited ('Prime 127')*

Prime 127 currently has a funding interest of 12.4924% (20% of 62.4619%) in the unitised Agbami field. The funding interests of the other partners are: Chevron's company, Star Deep Water Petroleum Limited ('Star'; 49.9695%), Equinor (20.2143%), and Texaco Nigeria Outer Shelf Limited (17.3238%).

Prime 127's current equity interest in the non-unitised part of OML 127 PSA is 8%, while its funding interest is 20%. Although privately held Nigerian company Famfa Oil Limited ('Famfa') is the official operator of the block, the duties of the operator are delegated to Star which has an equity interest of 32% in OML 127 PSA and a funding interest of 80%. Famfa holds the remaining equity interest of 60% in the license. However, cost oil and recovery oil remain 80% and 20% for Star and Prime 127, respectively, as Famfa does not contribute to costs.

As from March 2023, Prime 127 voluntary converted the OML 127 license to operate under the new Petroleum Industry Act. Under the terms of this new fiscal regime, OML 127 is subject to a 30% corporate income tax rate compared to the previous 50% PPT regime. The expiry date of the OML 127 concession is December 2024. However, management is confident that the OML will be renewed in accordance with industry practice.

In 2023, no distributions were made by Prime 127 to its shareholders (2022: USD nil).

- *Prime 130 Nigeria Limited ('Prime 130')*

Prime 130's current equity interest in PML 2/3/4 PSA is 32%, while its funding interest is 40% wherein it carries 40% of 20% (i.e. 8%) share of cost of privately held Nigerian company South Atlantic Petroleum Limited ('Sapetro'), the original owner of the concession. Although Sapetro is the official operator of the block, the duties of the operator are delegated to Total Upstream Nigeria Limited ('Tupni'). Tupni has an equity interest of 48% in PML 2/3/4 PSA and a funding interest of 60%, wherein it carries 60% of 20% (i.e. 12%) share of costs of Sapetro. Sapetro holds the remaining equity interest of 20% in PML 2/3/4 PSA. Other partner in the block is China National Offshore Oil Corporation ('CNOOC'), which has an equity interest of 90% in PML 2/3/4 PSC related to the Akpo field, while Sapetro owns the remaining 10% interest in the PSC.

Prime 130 renewed the OML 130 license, resulting in PML 2/3/4 operating under the terms of the new Petroleum Industry Act as from June 2023. Under the terms of this new fiscal regime, PML 2/3/4 is subject to a 30% corporate income tax rate compared to the previous 50% PPT regime. The expiry date of the renewed OML 130 concession is May 2043.

In 2023, Prime 130 declared USD 280 million dividend to its shareholders (2022: USD 450 million).

- *Petrobras Tanzania Limited ('PETAN')*

Petrobras Tanzania Limited ('PETAN') was incorporated in the United Republic of Tanzania in 2004 and has been engaged in the exploration of offshore oil and gas reserves.

In 2022, PETAN distributed liquidation proceeds of USD 3 million to its shareholders (2021: nil distributions). The Company formally closed its subsidiary in Tanzania in March 2023.

There was no change in the Group's risk associated with interests in the joint arrangements.

3 New standards and interpretations

The International Accounting Standards Board (IASB) has issued certain International Financial Reporting Standards or amendments to these, and the IFRS IC has issued certain interpretations. The impact of changes on the Group's special purpose consolidated financial statements has been assessed.

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued.

Except for the changes below, the Group has consistently applied the accounting policies set out in note 4 to all periods presented in these special purpose consolidated financial statements.

New and amended standards adopted by the Group

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2023.

Although these new standards and amendments applied for the first time in 2023, they did not have a material impact on the 2023 special purpose consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023) – effective date 1 January 2023.

On 23 May 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12*. The Board amended the standard to provide timely relief for affected entities, to avoid diverse interpretations of IAS 12 Income Taxes developing in practice, and to improve the information provided to users of financial statements before and after Pillar Two legislation comes into effect.

The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

Pillar Two is intended to enter into force in The Netherlands on 31 December 2023, meaning that a Pillar Two tax filing would be mandatory as of the fiscal year 2024. Since the filing deadline is expected to be 18 months after the fiscal year, the anticipated due date for filing the 2024 tax return is therefore set at 30 June 2026.

As the Group has consolidated revenues in excess of EUR 750 million, it should become in scope of Pillar Two, which means it may become liable to pay a minimum effective rate of tax of 15% in every country in which it operates. For that reason, the Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes for the fiscal year 2024. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and other information available regarding the projected financial performance of the constituent entities in the Group.

Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are either above 15% or other transitional safe harbour relief applies. As such, the Group may be eligible to apply safe harbour rules during the transition period, allowing a simplified tax calculation and filing for all the years beginning on or before 31 December 2026, but excluding fiscal years ending after 30 June 2028. Management is currently not aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes for the fiscal year 2024. However, it provides additional information on the potential impact of the GloBE Rules in its disclosures to these special purpose consolidated financial statements.

Considering that the Pillar Two rules significantly differ from the local tax and financial accounting determination of income, and regulations become more clear over time, further investigation is required to assess the exact impact of these rules on the Group - in addition to the impact from an organizational and compliance point of view. Therefore, the Group is following up closely with its tax advisor to monitor new developments in this respect.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021) – effective date 1 January 2023.

The amendment to *IFRS 17 Insurance contracts* is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

As this Standard is not considered applicable to the Group's current activities and transactions, there is no material impact on the Group's figures or accounting policies from the adoption of this Standard with effect from 1st January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) – effective date 1 January 2023.

For some transactions, IFRS Standards require the simultaneous recognition of an asset and a liability. A consequence is that IAS 12 could also require the recognition of offsetting temporary differences. Before the amendments, it was not clear whether IAS 12 required recognition of deferred taxes for these temporary differences or whether the initial recognition exemption applied. That exemption prohibits an entity from recognising deferred tax assets and liabilities on initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable profit.

The Board amends IAS 12 to provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a decommissioning provision and the corresponding decommissioning asset. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences related to leases and decommissioning obligations and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early application of the amendments is permitted.

The Group already recognises deferred taxes in respect of the temporary differences on decommissioning. As such, the adoption of these amendments to IAS 12 do not have a material impact on the Group's figures or accounting policies with effect from 1st January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) – effective date 1 January 2023.

The amendments will help companies:

-improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and

-distinguish changes in accounting estimates from changes in accounting policies.

Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the Board issued amendments to *IAS 1 Presentation of Financial Statements* and *IFRS Practice Statement 2 Making Materiality Judgements*. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. To support this amendment, the Board also amended *IFRS Practice Statement 2 Making Materiality Judgements* (Materiality Practice Statement) to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy disclosures.

The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

As the Group considers that its currently disclosed significant accounting policies do not materially differ from its material accounting policies, there is no material impact on the Group’s figures or accounting policies from the adoption of these amendments with effect from 1st January 2023.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) – effective date 1 January 2023.

The Board has issued amendments to *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments to IAS 8 will be effective for annual reporting periods beginning on or after 1st January 2023, with early application permitted.

As the Group considers that its assessment of changes in accounting policies and changes in accounting estimates, as well as the distinguishment thereof, has been sufficiently adequate in past and present, there is no material impact on the Group’s figures or accounting policies from the adoption of these amendments with effect from 1st January 2023.

IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020) – effective date 1 January 2023.

IFRS 17 Insurance Contracts was issued by the Board on 18 May 2017 and is needed to address many inadequacies in the wide range of insurance accounting practices used applying *IFRS 4 Insurance Contracts.*

As this Standard is not applicable to the Group’s current activities and transactions, there is no material impact on the Group’s figures or accounting policies from the adoption of this Standard with effect from 1st January 2023.

New standards, amendments and interpretations not yet adopted by the Group

The following new standards and amendments to standards and interpretations are not mandatory for 31 December 2023 (IFRS IASB) reporting periods and have - when applicable - not been early adopted in preparing these 2023 special purpose consolidated financial statements.

When applicable, there is no material impact expected on the Group’s special purpose consolidated financial statements or accounting policies from the adoption of these standards and amendments to standards and interpretations.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) – effective date 1 January 2024.

The International Accounting Standards Board (IASB) has issued '*Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1st January 2024.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) – effective date 1 January 2024.

On 25 May 2023, the IASB issued '*Supplier Finance Arrangements'* Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments*, to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The amendments in Supplier Finance Arrangements:

Do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

Add two disclosure objectives. Entities will have to disclose in the notes information that enables users of financial statements:

-to assess how supplier finance arrangements affect an entity's liabilities and cash flows, and

-to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:

-the terms and conditions of the supplier finance arrangements;

-for the arrangements, as at the beginning and end of the reporting period:

a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;

b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;

c) the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and

-the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

An entity applies the amendments to IAS 7 for annual reporting periods beginning on or after 1 January 2024 (with earlier application permitted) and the amendments to IFRS 7 when it applies the amendments to IAS 7.

Supplier financial arrangements, also known as reverse factoring arrangements, allow an entity to manage working capital more efficiently, often in conjunction with a program with a bank (or other financial institution). The program serves two purposes:

-to act as the company's paying agent and pay the company's suppliers on its behalf on the date the payables are due; and

-to provide liquidity to the company's suppliers seeking payment before the due date (i.e., factoring or discounting programs).

Supplier financing arrangements contain provisions that may require a company to present these liabilities separately from its trade payable. This could have an impact on an entity's debt covenants and leverage ratios. Additionally, the statement of cash flows may also be impacted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1st January 2024.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020 and 15 July 2020 respectively) and Non-current Liabilities with Covenants (issued on 31 October 2022) – effective date 1 January 2024.

On 23 January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments affect only the presentation of liabilities in the statement of financial position; not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. They further clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and are to be applied retrospectively. Earlier application is permitted.

More in detail, the amendments clarify:

What is meant by a right to defer settlement

The Board addressed the original request for clarification by removing 'unconditional' in the Standard which states that a liability is current if an entity 'does not have an unconditional right to defer settlement of the liability for at least twelve months'. The Board explained that a right to defer settlement is rarely unconditional, as such rights often are conditional on compliance with covenants. Therefore, the Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. As such, a right conditional on compliance with covenants in future periods is considered 'unconditional' if the entity is in compliance with those conditions at the end of the reporting period.

That a right to defer must exist at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

That classification is unaffected by the likelihood that an entity will exercise its deferral right.

The Board also considered whether events after the reporting period, such as breaches of covenant or early repayments by the entity, would affect the classification of the liability. IAS 1.75A has been added to clarify that the 'Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. Therefore, any expectations about events after the reporting period (and prior to the authorisation of financial statements) do not impact the assessment made at the end of the reporting period as to the classification of the liability. Thus, although management may intend to settle a financial liability shortly after the end of the reporting period, as long it has a right to defer settlement for at least twelve months, the liability is classified as non-current. This applies even if settlement has occurred when the financial statements are authorised for issuance. It should be noted, however, that there may be disclosure requirements in accordance with IAS 10 *Events after the reporting period* relating to the change in circumstances of the liability, such as a settlement of the liability.

That, only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current. Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

On 31 October 2022, the IASB published *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

IAS 1 requires an entity to classify debt as non-current only if the entity can avoid settling the debt in the 12 months after the reporting date. However, an entity's ability to do so is often subject to complying with covenants. For example, an entity might have long-term debt that could become repayable within 12 months if the entity fails to comply with covenants in that 12-month period.

The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

The IASB expects the amendments to improve the information an entity provides about long-term debt with covenants by enabling investors to understand the risk that such debt could become repayable early. The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early adoption permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these Amendments with effect from 1st January 2024.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) – effective date 1 January 2025.

Amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates* require entities to provide more useful information in their financial statements when a currency cannot be exchanged into another currency.

The amendments respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies. The amendments will help entities and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates.

The amendments specify: (a) when a currency is exchangeable into another currency and, consequently, when it is not; (b) how an entity determines the exchange rate to apply when a currency is not exchangeable; and (c) the information an entity provides when a currency is not exchangeable.

IAS 21 generally requires the use of a spot exchange rate when an entity reports foreign currency transactions or a foreign operation's results and financial position in its financial statements. A spot exchange rate is the exchange rate for immediate delivery. IAS 21 specifies the exchange rate to use in reporting foreign currency transactions when exchangeability between two currencies is temporarily lacking.

These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The amendments will become effective for annual reporting periods beginning on or after 1 January 2025. Early application is permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1st January 2025.

4 Significant accounting policies

The significant accounting policies applied in the preparation of these special purpose consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless stated otherwise.

The Group has consistently applied the following accounting policies to all years presented in these special purpose consolidated financial statements.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit and loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

(ii) Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree.

Acquisition related costs are expensed as incurred and included in administrative expenses as part of 'Other operating expenses', except if related to the issue of debt or equity securities.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Those petroleum reserves and resources that are able to be reliably measured are recognised in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, '*Financial Instruments'*, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit and loss immediately. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a CGU and part of the operation in that unit or location is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(iii) Non-controlling interests ('NCI')

NCI are measured at their proportionate share of the investment's identifiable net assets at the acquisition date. Adjustments to NCI arising from transactions that do not involve loss of control are based on a proportionate amount of the net assets of the investment.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset, depending on the level of influence retained. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(v) Interests in joint arrangements

IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

A *joint operation* is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

These special purpose consolidated financial statements include transactions of non-operated Production Sharing Agreements (‘PSAs’) that classify as joint operations.

Where the Group’s activities are conducted through joint operations, the Group recognises its share of the jointly held assets and liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint operation’s output, together with its share of the expenses incurred by the joint operation, and any expenses it incurred in relation to its interest in the joint operation and a share of production.

The Group combines its share of the jointly held assets and liabilities, income and expenses of the joint operation with similar items, line by line, in its special purpose consolidated financial statements.

A *joint venture* is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group’s investment in its joint ventures is accounted for using the equity method.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Related parties

The Group considers all legal entities that can be controlled, jointly controlled or significantly influenced to be related parties.

Also, entities which can control the Company are considered a related party, as well as all legal entities that can be controlled, jointly controlled or significantly influenced by the Company’s members.

In addition, the Group considers the members of the Board of Directors and Supervisory Board as key management personnel and as related parties as defined by IAS 24.

Revenue recognition

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. As such, revenue is recognised when control of the goods or service transfers to the customer, it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The measurement of revenue, when a performance obligation is satisfied, is based on the amount of the transaction price (excluding estimates of variable consideration that are constrained) that is allocated to that performance obligation, excluding discounts, sales taxes, excise duties and similar levies.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognised is the net amount of commission made by the Group. The Group has concluded that it is acting as a principal in all of its revenue arrangements, as described below:

(i) Sales of crude oil and natural gas

Revenue from the sale of crude oil and natural gas is recognised when control of the goods transfers to the customer. The transfer of control of the crude oil and natural gas sold by the Group usually coincides with title passing to the customer and the customer taking physical possession. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Crude oil transaction prices under forward contracts are generally based on the agreed contract price plus or minus a premium based on an arithmetical average of the mean in quoted market prices for the previous month of the bill of lading. In most of the Group's forward contracts, the Dated Brent component of the forward price at the time of entering the contract is not fixed, but determined using a trigger pricing mechanism. When the forward price curve falls below a certain trigger price, this mechanism provides an irrevocable instruction to an off-taker to fix the Dated Brent price component of a cargo. The trigger price is based on a percentage of the Brent forward curve at the time the instruction was given for the month of the expected lifting. If the forward price curve does not fall below that threshold, the respective cargo is sold at spot.

The performance obligation is satisfied and payment is due upon delivery, FOB, to the buyer. At this point in time, at the bill of lading date, a trade receivable is recognised and there are generally 30 days between revenue recognition and payment. There are no obligations for returns, refunds, warranties nor other obligations when control has been transferred.

The Group principally satisfies its performance obligations at a point in time and the amounts of revenue recognised relating to performance obligations satisfied over time are not significant.

Revenue from crude oil transactions not covered under forward contracts, arises from the production and lifting of crude oil on an 'entitlements' basis. Under the entitlements method, revenue reflects the Group's share of production under the terms of the relevant production sharing contracts, regardless of which participant has actually made the sale and invoiced the production. This is achieved by applying the following approach in dealing with imbalances between actual sales and entitlements:

- Crude oil entitlement *underlifts* are recognised at the market price of oil at balance sheet date. The excess of product sold during the period over the participant's ownership share of production is recognised by the Group (acting as underlifter) as an asset in Trade and other receivables with a corresponding credit to Cost of Sales. The Group's underlift receivable is the right to receive additional oil from future production without the obligation to fund the production of that additional oil.

- Crude oil entitlement *overlifts* are treated as a purchase of crude oil by the overlifter from the underlifter and are also recognised at the market price of oil at balance sheet date. The excess of product purchased during the period over the participant's ownership share of production is recognised by the Group (acting as overlifter) as a liability in Trade and other payables with a corresponding charge to Cost of Sales. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production.

Revenues resulting from the production of oil under Production Sharing Agreements ('PSAs') is recognised for those amounts relating to the Group's cost recoveries and the Group's share of the remaining production. Sales between group companies are based on prices generally equivalent to commercially available prices.

(ii) Tax oil revenue

According to the production-sharing agreements ('PSAs'), the share of the profit oil ('PPT') to which the government is entitled in any calendar year, in accordance with the PSA, is deemed to include a portion representing the corporate income tax imposed upon and due by the Group.

As the tax oil lifted by the operator on behalf of the Group is sold to 3rd party customers and proceeds are used to settle the Group's tax liabilities, this share of PPT is considered to be within the scope of IFRS 15, '*Revenue from contracts with customers*'. Consequently, this portion of income tax and revenue is presented gross in profit and loss. ITC utilised is recognised as 'Other operating income'.

In Nigeria, in the financial year, the Group started operating under the terms of the Petroleum Industry Act 2021 and, as a result, is now subject to 30% corporate income tax on income derived from its oil and gas operations. The Group is therefore no longer subject to PPT and no longer entitled to ITC. Before conversion, the Group exhausted its unused investment tax credits. Under the terms of the Tertiary Education Trust Fund Act 2011, the Group is also subject to education tax at 3% of assessable profits in Nigeria.

As the Group's income taxes meet the criteria to be treated as an income tax under IAS 12 '*Income Taxes*', these are recorded as a single line item in profit and loss.

(iii) Royalties

Obligations arising from royalty arrangements and other types of taxes that do not satisfy the criteria of IAS 12 '*Income Taxes*' are accrued or paid and included in 'Cost of sales'. This is considered to be the case when the royalties are imposed under government authority and the amount payable is based on physical quantities produced or as a percentage of revenue, rather than taxable income. In some cases, the equivalent amount of royalties is also presented in revenues to differentiate between the portion of revenue lifted by the operator on behalf of the Group to settle the Group's royalty liabilities and the associated royalties as part of 'Cost of sales'. In cases where the Group itself pays for the royalties in cash, these are included in 'Cost of sales' as a single line item.

(iv) Sale of goods

Revenue on the sale of equipment is recognised when the performance obligation is satisfied and payment is due, which is generally upon receipt of the equipment by the buyer. At this point, control of the equipment transfers to the buyer, recovery of the consideration is probable, the associated costs and possible return of the equipment can be estimated reliably, there is no continuing management involvement with the equipment, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of control can however vary depending on the individual terms of the sales agreement. For sales of equipment, usually transfer occurs when the good is delivered to the buyer's warehouse; however, for some international shipments the transfer occurs on loading the goods onto the relevant carrier at the port. Generally, for such goods the buyer has no right of return.

There are generally 30 days between recognition of revenue and payment. Also, given each sale of equipment represents an enforceable contract and all performance obligations are satisfied at that time, there are no remaining performance obligations (unsatisfied or partially unsatisfied) requiring disclosure.

(v) Government grants

The Group recognises an unconditional government grant, such as investment tax credits, in profit and loss as 'Other operating income' when the grant becomes receivable.

Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in profit and loss as 'Other operating income' on a systematic basis, necessary to match them with the costs they are intended to compensate.

In Nigeria, in the financial year, the Group converted to the new fiscal regime under the terms of the Petroleum Industry Act 2021 and, as a result, is therefore no longer subject to PPT and no longer entitled to ITC. Before conversion, the Group exhausted its unused investment tax credits.

Production costs

The costs of producing oil from a developed well are charged to the income statement in the period in which they are incurred. Production costs mainly relate to lifting costs from personnel, material and services from 3rd parties.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- the net gain or loss on hedging instruments that are recognised in profit or loss.

Interest income or expense is recognised using the effective interest method. Interest income mainly relates to earnings on the Group bank accounts and deposits.

When financial assets are impaired, the Group reduces the carrying amounts to their recoverable amounts, being the estimated future cash flow discounted at the original effective interest rate of the instruments and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original effective interest rate.

Employee benefits

Only for its employees in Nigeria, the Group operates various post-employment schemes, including a defined contribution pension plan and other post-employment plans.

(i) Pension obligations

Under the Group's defined contribution pension plan, the Group pays fixed contributions to a fund held by a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employees' service in the current and prior periods.

For its defined contribution plan, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group operates a contributory retirement benefit plan for its employees in accordance with the Pension Reforms Act of 2014. Contributions to the plan are made at 8% of basic, housing and transport allowances for the employees and 11% for the Group. The contribution is paid to a third-party fund manager as agreed with members of the staff. The fund manager renders monthly accounts to members of staff.

(ii) Gratuity scheme

Lump-sum benefits payable on retirement, termination or resignation of employment are accrued over the service life of the employee concerned. This is a defined benefit plan that defines the amount of gratuity benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of the defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related gratuity obligation. In Nigeria, where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income. The Group's scheme is not funded.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the Group recognises costs for a restructuring that is within the scope of IAS 37, '*Provisions, Contingent Liabilities and Contingent Assets',* and involves the payment of termination benefits.

In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Remeasurements are recognised in profit and loss in the period in which they arise.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Group did not grant any share-based payment awards to its Board members and employees.

Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In these cases, tax is also recognised directly in equity or in other comprehensive income, respectively.

(i) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

In the Netherlands, the Group is subject to Dutch corporate income tax at a rate of 25.8% (2022: 25.8%) on taxable profits.

In Nigeria, the Group operates under the terms of Companies Income Tax Act ('CITA') as amended by the Finance Acts 2019, 2020, 2021 and 2023 and the Petroleum Industry Act 2021 and is subject to 30% corporate income tax on income derived from its oil and gas operations. Under the terms of the Tertiary Education Trust Fund Act 2011, the Group is also subject to education tax at 3% (2022: 2.5%) of assessable profits in Nigeria.

Income taxes also include taxes, such as withholding taxes, payable by a subsidiary on distributions to the reporting entity.

As the Group's income taxes meet the criteria to be treated as an income tax under IAS 12, these are recorded as a single line item in profit and loss.

In addition to corporate income taxes, typical exploration and production taxes on the Group's crude oil operations in Nigeria, such as Petroleum Profits Tax ('PPT') at a rate of 50% and related investment tax credits, are disclosed as income taxes. These Nigerian petroleum taxes are provided in accordance with the Petroleum Profits Tax Act ('PPTA') CAP. P13 Vol. 13 LFN 2004. Upon conversion to the terms of the Petroleum Industry Act 2021 in the financial year, the Group is no longer subject to PPT and no longer entitled to ITC. Before conversion, the Group exhausted its unused investment tax credits.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates (and laws) that are expected to be applied to temporary differences when the related deferred income tax asset is realised or the deferred income tax liability is settled, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(iii) Production-sharing arrangements

Before conversion to PIA in the financial year, the rate of petroleum profits tax (‘PPT’) in Nigeria was 50% for the contract area for companies operating under Production Sharing Contracts (‘PSCs’) with the Nigerian National Petroleum Corporation (‘NNPC’). For some of its qualifying capital expenditure (‘QCE’), the Group was entitled to claim an investment tax credit (‘ITC’) at the rate of 50% of the QCE incurred, either wholly or exclusively or necessarily for the purposes of its petroleum operations.

According to the production-sharing agreements (‘PSAs’), the share of the profit oil (‘PPT’) to which the government was entitled in any calendar year, in accordance with the PSA, was deemed to include a portion representing the corporate income tax imposed upon and due by the Group. As, in some cases, the tax oil lifted by the operator on behalf of the Group was sold to 3rd party customers and proceeds were used to settle the Group’s tax liabilities, this share of PPT was considered to be within the scope of IFRS 15, ‘*Revenue from contracts with customers*’. Consequently, this portion of income tax and revenue has been presented gross in profit and loss. ITC utilised has been recognised as ‘Other operating income’.

(iv) Royalties

Obligations arising from royalty arrangements and other types of taxes that do not satisfy the criteria of IAS 12 ‘*Income Taxes*’ are accrued or paid and included in ‘Cost of sales’. For further details on royalties refer to item (iii) in section ‘Revenue recognition’ of these significant accounting policies.

Oil exploration, evaluation and development expenditure

Oil exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting. Costs are accumulated on a field-by-field basis. For purpose of impairment testing, management has assessed its cash-generating units (‘CGUs’) as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

Capitalised expenditure relating to the Group’s carried interest is recorded in line with the Group’s accounting policy. Cost recoveries made out of production from the carried interest are credited to the appropriate asset.

(i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised in intangible assets as part of ‘Exploration and evaluation assets’. Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs is written off through profit and loss.

Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to 'Oil and gas properties' and classified as development and production assets. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

(iii) Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Geological and geophysical costs are recognised in profit and loss as incurred.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through profit and loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. Exploration costs capitalised in respect of exploration wells that are more than 12 months old are written-off, unless (a) proved reserves are booked, or (b.1.) commercially producible quantities of reserves have been found and (b.2.) the wells are subject to further exploration or appraisal activity in that either drilling or additional exploratory wells is underway or firmly planned for the near future or other activities are being undertaken to sufficiently progress the assessing of reserves and the economic and operating viability of the project. When this is no longer the case, the costs are written off through profit and loss.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (when required) any impairment loss is recognised, then the remaining balance is transferred to 'Oil and gas properties' and classified as development and production assets. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognised.

(iv) Farm in / outs in the exploration and evaluation phase

A farm in / farm out is when the owner of a working interest (the farmor) transfers all or a portion of its working interest to another party (the farmee) in return for the farmee's performance of some agreed upon action. If the farmee agrees to undertake exploration, drill well(s), or develop the property, the farmor transfers all or a portion of the working interest in the property to the farmee.

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal in 'Other operating income'.

Oil and gas properties

Oil and gas properties are aggregated exploration and evaluation tangible assets, and development expenditures associated with the production of proved and probable reserves. Development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within 'Oil and gas properties'. These assets are depreciated/amortised on a unit-of-production ('UoP') basis over the total proved and probable reserves ('2P') of the field concerned from the commencement of production, taking into account future development expenditures necessary to bring those reserves into production.

(i) Initial recognition

Oil and gas properties are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets, borrowing costs.

Qualifying assets are those that necessarily take a substantial period of time to build and from which future benefits accrue to the Group. Capitalisation continues up to the date that all the substantial activities necessary to get the asset ready for its intended use are complete.

Capitalised expenditure relating to the Group's carried interest is recorded in line with the Group's accounting policy. Cost recoveries made out of production from the carried interest are credited to the appropriate asset category.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is derecognised.

When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

(ii) Depreciation/amortisation

Oil and gas properties are depreciated/amortised from the commencement of production, on a unit-of-production basis, which is the ratio of oil and gas production in the period to the estimated quantities of the total proved and probable reserves ('2P') at the end of the period plus the production in the period, on a field-by-field basis.

Costs used in the unit of production calculation comprise the net carrying amount of capitalised costs plus the estimated future field development costs. Changes in the estimates of reserves or future field development costs are dealt with prospectively.

Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

Rights and concessions are depleted on the unit-of-production basis over the total proved and probable reserves of the relevant area.

(iii) Major maintenance, inspection and repairs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset, that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

(iv) Development and production asset swaps

Exchanges of development and production assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the amount given up. A gain or loss is recognised on the difference between the carrying amount of the asset given up and the fair value of the asset received in profit and loss.

(v) Farm in / outs outside the exploration and evaluation phase

In accounting for a farm-out arrangement outside the exploration and evaluation phase, the Group:

- Derecognises the proportion of the asset that it has sold to the farmee.
- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor.
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is only recognised when the value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets.
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent.

The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Any part of the consideration that is receivable in the form of cash is treated as a definition of a financial asset and is accounted for at amortised cost.

Other property, plant and equipment

(i) Initial recognition

Other property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. This category includes cost of movable assets, which are also allocated over the other asset categories, depending on the phase of the Group's operations.

An item of 'Other property, plant and equipment' is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised.

(ii) Depreciation/amortisation

Depreciation and amortisation are provided at different rates, calculated to write-off the cost less estimated residual value of each asset on a straight-line basis over its productive life:

Plant and equipment	20 - $33^1/_3$%
Buildings and improvement	20%

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period, and adjusted prospectively, if appropriate.

Impairment of non-financial assets

Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use. For further detail refer to the note 'Significant accounting judgements, estimates and assumptions'.

Impairment – oil and gas production properties

Oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, and is calculated with reference to total proved and risk-adjusted probable reserves ('2P'). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. For further detail refer to the note 'Significant accounting judgements, estimates and assumptions'.

Impairment losses of continuing operations, including impairment of inventories, are recognised in profit and loss in those expense categories consistent with the function of the impaired asset.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit and loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred.

Where surplus funds are available for a short-term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost.

Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Management considers exploration and evaluation assets non-qualifying assets, unless they meet the 'probable economic benefits' test. Any related borrowing costs incurred during this phase are recognised in profit and loss in the period in which they are incurred.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The classification of a financial assets depends on the business model of an entity and on the cash flows associated with each financial asset.

The classification of a financial liability depends on the purpose for which the financial liability was acquired.

Management determines the classification of the Group's financial assets and liabilities at initial recognition.

Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss, as appropriate.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI-test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(a) Financial assets *at amortised cost* (debt instruments)

(b) Financial assets *at fair value through OCI with recycling* of cumulative gains and losses (debt instruments)

(c) Financial assets designated *at fair value through OCI with no recycling* of cumulative gains and losses upon derecognition (equity instruments)

(d) Financial assets *at fair value through profit or loss*

The Group currently holds an Asian put option for one million barrels of oil that is designated as a financial asset at fair value through profit or loss.

(a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's financial assets at amortised cost include 'trade and other receivables'.

(b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI-test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- the economic characteristics and risks are not closely related to the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
- the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a *12-month ECL*). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a *lifetime ECL*).

For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL.

The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and trade and other payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings, including bank overdrafts.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

The Group currently does not have any financial liabilities at fair value through profit or loss.

(b) Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing 'loans and borrowings' and 'trade and other payables'. These are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

(c) Derivatives designated as hedging instruments in an effective hedge

For recognition and measurement of the Group's derivatives designated as hedging instruments in an effective hedge, if any, refer to the section *Derivative financial instruments and hedge accounting*.

(iii) Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is commodity price risk.

The Group uses forward commodity contracts at variable pricing to hedge its commodity price risk. On the forward commodity contracts hedge accounting is not considered applicable as the own-use exception applies: the Group does not enter into physical oil contracts other than to meet the Group's expected sales requirements. These arrangements therefore fall outside the scope of IFRS 9 and are classified as normal sales contracts that are accounted for on an accrual basis.

The Group's derivative financial instruments, such as the Asian put option, are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, with subsequent changes in fair value recognised in profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Inventories

Inventories mainly comprise materials. These are stated at the lower of cost and net realisable value. Purchase cost includes costs of bringing material inventory to their present location and condition, including freight and handling charges. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

If carrying value exceeds the net realisable amount, a write down is recognised. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Trade receivables

Trade receivables are amounts due from customers for crude oil and gas sold or services performed in the ordinary course of business and represent the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. Cash and cash equivalents include cash at hand and bank account balances.

All highly liquid investments with an original maturity of three months or less at date of purchase are considered to be cash equivalents.

In the statement of cash flows, cash and cash equivalents include cash at hand, cash balances with banks, other short-term highly liquid investments with original maturity of three months or less and bank overdrafts.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in profit and loss.

(ii) Decommissioning liability

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas properties to the extent that it was incurred by the development/construction of the field.

Changes in the estimated timing of decommissioning or changes to the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to ‘Oil and gas properties’.

Any reduction in the decommissioning liability and, therefore, any deduction from the ‘Oil and gas properties’ to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is immediately taken to profit and loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the estimate for the revised value of oil and gas properties net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit and loss as a finance/accretion cost. The corresponding charge on the asset is amortised using the UoP-method.

The Group recognises a deferred tax asset in respect of the temporary difference on the decommissioning liability and a corresponding deferred tax liability in respect of the temporary difference on the decommissioning asset.

(iii) Environmental expenditures and liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognised is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognised is the present value of the estimated future expenditure.

(iv) Restructuring provisions

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Historically, restructuring provisions mainly comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Distributions to members

Distributions to the Group's members are recognised as a liability in the special purpose consolidated financial statements in the year in which the distributions are approved by the members.

Consolidated statement of cash flows

The special purpose consolidated statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are translated at average exchange rates.

Exchange rate differences affecting cash items are shown separately in the statement of cash flows.

Receipts and payments with respect to taxation on profits are included in the cash flow from operating activities.

Interest payments are included in cash flows from financing activities while interest receipts are included in cash flows from investing activities.

Cash flows from derivatives, if any, are recognised in the statement of cash flows in the same category as those of the hedged item.

Operating segment information

The Group is exempted from presenting financial information on its reportable segments under the requirements of IFRS 8 '*Operating segments*'.

5 Revenue

Revenue represents the value of the Group's share of crude oil and natural gas produced in Nigeria, with any excess or deficit of crude oil sold over its entitlement share of production recognised in 'Cost of sales'.

The composition of the Group's revenue from contracts with customers is as follows:

	2023	2022
	USD 1,000	USD 1,000
Crude oil revenue	1,090,676	1,255,349
Gas revenue	16,202	40,680
Crude oil PPT	39,517	109,563
Royalties	15,839	40,745
Total revenue from contracts with customers	**1,162,234**	**1,446,337**

The Group's crude oil production entitlements in barrels is adjusted for non-cash royalties charged on its share of production from OML 127 in the equivalent of USD 16 million (2022: USD 40.7 million). Also refer to note 6 to these special purpose consolidated financial statements.

In 2023, out of total revenue from contracts with customers amounting to USD 1,162 million (2022: USD 1,446 million), an amount of USD 1,091 million (2022: USD 1,255 million) relates to the Group's sales of crude oil to customers pursuant to forward sales contracts at variable pricing. Under the conditions of the RBL agreement, in total 90% of the Group's cargos is to be delivered to one of the lenders.

With effect from July 2018, sellers Sapetro, Tupni and Prime 130 sell their 50% interest of gas available in commercial quantity from OML 130 to the joint-venture of NNPC (60%) and TEPNG (40%) pursuant to the OML 130 PSA Gas Sale and Purchase Agreement ('GSPA'). Total OML 130 PSA gas exported over the year amounts to 71.0 mmbtu (2022: 73.5 mmbtu), on which Prime 130's entitlement share is 32%, or 22.7 mmbtu (2022: 23.5 mmbtu) representing a sales value of USD 16 million (2022: USD 41 million).

In Nigeria, in the financial year, the Group started operating under the terms of the Petroleum Industry Act 2021 ('PIA') and, as a result, became subject to 30% corporate income tax on income derived from its oil and gas operations. As of the respective conversion dates, the Group is therefore no longer subject to PPT and no longer entitled to ITC. Before conversion, the Group exhausted its unused investment tax credits (also refer to note 7 to these special purpose consolidated financial statements). The share of the profit oil ('PPT') to which the Nigerian government is entitled in any calendar year in accordance with the production-sharing agreements ('PSA'), is deemed to include a portion representing the corporate income tax imposed upon and due by the Group.

As the tax oil lifted by the operator on behalf of the Group is sold to 3rd party customers and proceeds are used to settle the Group's tax liabilities, this share of PPT is considered to be within the scope of IFRS 15. Consequently, this portion of income tax and revenue, which relates to Prime 127, is presented gross in the income statement.

Remaining PPT due by Prime 130 in the financial year, as well as corporate income tax due by both Prime 127 and Prime 130, have been paid in cash and are therefore recorded as single line items in profit and loss. Also refer to note 12 to these special purpose consolidated financial statements.

Obligations arising from royalty arrangements and other types of taxes that do not satisfy the criteria of IAS 12 '*Income Taxes*' are accrued or paid and included in 'Cost of sales'. This is considered to be the case when the royalties are imposed under government authority and the amount payable is based on physical quantities produced or as a percentage of revenue, rather than taxable income.

Before conversion to PIA, the equivalent amount of royalties incurred by Prime 127 was also presented in revenues to differentiate between the portion of revenue lifted by the operator on behalf of the Group to settle the Group's royalty liabilities and the associated royalties as part of 'Cost of sales'.

In cases where the Group itself pays for the royalties in cash, these are included in 'Cost of sales' as a single line item. Also refer to note 6 to these special purpose consolidated financial statements.

6 Cost of sales

	2023	2022
	USD 1,000	USD 1,000
Production costs	150,960	154,127
Royalties	61,715	92,683
Cost from overlift	30,462	8,056
(Income)/cost from underlift	(6,884)	38,757
Depreciation	361,722	262,745
Total cost of sales	**597,975**	**556,368**

Production costs mainly relate to lifting costs from personnel, material and services from 3rd parties.

Obligations arising from royalty arrangements are considered not to satisfy the criteria of IAS 12 *'Income Taxes'* as the royalties charged are imposed under government authority and the amount payable is based on physical quantities produced rather than taxable income. Royalties have been charged on the Agbami field in the amount of USD 22 million (2022: USD 41 million) and on the Akpo field in the amount of USD 40 million (2022: USD 52 million), out of which USD 1 million (2022: USD 1 million) relates to royalties charged on natural gas. The Egina field benefits from a royalty holiday covering a 5-year period since first-oil. Therefore, as of January 2024, PIA royalties will also be charged on the oil and gas production from this field.

The excess of crude oil purchased during the year over its entitlement share of production is recognised by the Group (acting as overlifter) as a liability in Trade and other payables with a corresponding charge to 'Cost of sales'. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production. The cost from overlift in the amount of USD 30 million concerns the negative net impact on income from the recognition of overlift payables of USD 47 million per balance sheet date, partially offset by the reversal of prior year overlift balances amounting to USD 17 million. Also refer to note 25 to these special purpose consolidated financial statements.

The Group's result from underlift is the revenue recognised on the right to receive additional oil from future production without the obligation to fund the production of that additional oil. The Group considers underlift transactions outside the scope of IFRS 15 as the counterparty to the transactions does not meet the definition of a customer and the Group has not received output from the joint operation beyond sales made by it to its customers. Consequently, underlift balances are recorded as a receivable from partners, within 'Trade and other receivables', with a corresponding credit to 'Cost of sales'. The income from underlift in the amount of USD 7 million concerns the recognition of underlift receivables of USD 41 million and receivables with partners, net of USD 11 million per balance sheet date, partially offset by the negative net impact on income from the reversal of prior year underlift balances amounting to USD 45 million. Also refer to note 17 to these special purpose consolidated financial statements.

Depreciation relates to the Group's producing oil and gas properties in Nigeria.

Total depreciation in 2023 amounted to USD 361,843 thousand (2022: USD 262,865 thousand), of which USD 361,722 thousand (2022: USD 262,745 thousand) related to the Group's oil production assets in Nigeria and USD 121 thousand (2022: USD 120 thousand) to other asset categories. These latter expenses are included in 'Other operating expenses' (also refer to note 10 to these special purpose consolidated financial statements).

7 Other operating income

	2023 USD 1,000	2022 USD 1,000
Investment tax credits utilised	24,709	112,280
Other operating income	-	530
Total other operating income	**24,709**	**112,810**

For some of its qualifying capital expenditure ('QCE'), the Group is entitled to claim an investment tax credit ('ITC') at the rate of 50% of the QCE incurred, either wholly or exclusively or necessarily for the purposes of its petroleum operations. This is a government tax credit which can be offset with Petroleum Profit Tax ('PPT') and serves as an incentive for investments in the exploration of oil and gas in the deep offshore waters of Nigeria.

As of the respective conversion dates, the Group is therefore no longer subject to PPT and no longer entitled to ITC. Before conversion, the Group exhausted its unused investment tax credits. The Group recognised investment tax credits of USD 25 million (2022: USD 112 million) as 'Other operating income'.

The movement in the Group's available investment tax credits is as follows:

	2023 USD 1,000	2022 USD 1,000
At 1 January	-	104,382
Investment tax credits generated	24,709	7,898
Investment tax credits utilised	(24,709)	(112,280)
At 31 December	-	-

As at 31 December 2023, the Group does not have available any unclaimed investment tax credits carry forward (2022: nil).

There were no unfulfilled conditions or contingencies during the year.

8 Exploration expenses

	2023 USD 1,000	2022 USD 1,000
Other exploration expenses	2,324	2,687
Total exploration expenses	**2,324**	**2,687**

Other exploration expenses in 2023, amounting to USD 2 million (2022: USD 3 million), relate to the Group's exploration activities in Nigeria and do not include costs for dry wells.

Exploration expenses were mainly paid to operators, through cash calls, for seismic and other exploratory expenses.

9 Impairment charges oil and gas properties

	2023 USD 1,000	2022 USD 1,000
Impairment charges - Oil and gas properties	263,282	82,325
Total impairment charges	**263,282**	**82,325**

Impairments related to the Prime 130 oil and gas properties in Nigeria amounted to USD 263,282 thousand (2022: USD 83,325 thousand) and were mainly caused by an increase in the discount rate, a decrease in the price curve and from changes in the technical assumptions in OML 130.

In prior year, the impairment resulted from the impact on investment plans and asset valuations from a delay in the infill drilling program due to late arrival of a drilling rig and a reduction in the expected recovery of the Egina field. Also refer to note 13 to these special purpose consolidated financial statements.

10 Other operating expenses

	2023 USD 1,000	2022 USD 1,000
Staff cost	8,188	7,392
NDDC Levy	9,572	5,885
Sales expenses	4,676	2,959
Other operating expenses	10,840	14,589
Total other operating expenses	**33,276**	**30,825**

NDDC Levy concerns Niger Delta Development Commission imposed by a regulatory body in Nigeria to fund the sustainable development of the Niger Delta region.

Staff cost

	2023 USD 1,000	2022 USD 1,000
Wages and salaries	7,017	5,217
Pension costs - defined benefit plan	25	929
Other employee benefits	1,146	1,246
Total staff costs	**8,188**	**7,392**

Staff costs include an amount of USD 2,563 thousand for remuneration of the Board of Directors (2022: USD 3,348 thousand). An amount of USD 2,328 thousand (2022: USD 3,198 thousand) relates to short-term benefits and USD 235 thousand (2022: USD 150 thousand) to other long-term benefits.

The Supervisory Board members of the Group did not receive any remuneration during the year (2022: USD nil).

	2023	2022
	Number	Number
Administration, HR and IT	5	4
Finance & Commercial	6	7
Legal	3	3
Management	3	2
Technical & Assets	10	11
Average number of employees	**27**	**27**

During the year 2023, the Group's average number of employees calculated on a full-time-equivalent basis amounted to 27 (2022: 27).

In 2023, 15 employees were employed in The Netherlands (2022: 16).

11 Finance income and finance costs

The composition of the Group's finance result is as follows:

	2023	2022
	USD 1,000	USD 1,000
Interest income	5,825	6,264
Other financial income	1,008	227
Total finance income	**6,833**	**6,491**
Interest expense	(68,960)	(56,313)
Accretion expense	(12,957)	(14,210)
Other finance costs	(7,606)	(4,121)
Total finance costs	**(89,523)**	**(74,644)**
Net finance costs	**(82,690)**	**(68,153)**

Interest income relates to income recognised on the Group's bank balances and deposits of USD 5.8 million (2022: USD 6.3 million).

Other financial income of USD 1 million mainly relates to the gain recognised on the Asian put-option. Also refer to note 27 of these special purpose consolidated financial statements.

Interest expense over 2023 amounting to USD 69 million (2022: USD 56 million) relates to interest incurred on the RBL facility in the amount of USD 57 million (2022: USD 40 million) and interest incurred on the PXF facility in the amount of USD 12 million (2022: USD 16 million). Resulting from the refinancing of the RBL facility in the financial year, the aggregated principal balances of these facilities per year-end amount to respectively USD 750 million (2022: USD 501 million) and USD nil million (2022: USD 281 million). Also refer to note 21 of these special purpose consolidated financial statements.

Accretion expense of USD 13 million (2022: USD 14 million) represents the periodic increase of the discounted present value of the decommissioning provision in Nigeria, based on a discount rate that reflects current market assessments and the risks specific to the liability.

Other finance costs of USD 8 million (2022: USD 4 million) mainly relate to amortisation expense on capitalised transaction fees of the RBL facility amounting to USD 4 million (2022: USD 3 million), which includes USD 0.9 million charged to profit and loss upon extinguishment and consequent derecognition of the amended RBL facility and PXF facility. Other finance costs further include commitment fees of USD 3 million (2022: USD 0.6 million).

12 Income tax credit/(expense)

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Income tax credit/(expense)

In the Netherlands, the Group is subject to Dutch corporate income tax at a rate of 25.8% (2022: 25.8%) on taxable profits.

In Nigeria, the Group operates under the terms of Companies Income Tax Act ('CITA') as amended by the Finance Acts 2019, 2020, 2021 and 2023 and the Petroleum Industry Act 2021 and is subject to 30% corporate income tax on income derived from its oil and gas operations. Under the terms of the Tertiary Education Trust Fund Act 2011, the Group is also subject to education tax at 3% (2022: 2.5%) of assessable profits in Nigeria.

Income taxes also include taxes, such as withholding taxes, payable by a subsidiary on distributions to the reporting entity. At the level of the Company, there are no income tax consequences attached to the payment of distributions to its members.

In addition to corporate income taxes, typical exploration and production taxes on the Group's crude oil operations in Nigeria, such as Petroleum Profits Tax ('PPT') and education tax, are disclosed as income taxes.

Upon conversion to the terms of the Petroleum Industry Act 2021 in the financial year, the Group is therefore no longer subject to PPT and no longer entitled to ITC. Before conversion, the Group exhausted its unused investment tax credits.

The major components of income tax credit/(expense) for the years ended 31 December 2023 and 2022 are:

	2023 USD 1,000	2022 USD 1,000
Corporate income tax		
Income tax Nigeria	133,103	11,336
Income tax Netherlands	1,194	-
	134,297	**11,336**
Other current tax		
Petroleum Profits Tax (PPT)	138,142	590,006
Education tax	21,831	41,684
Withholding tax on dividends	28,000	33,750
	187,973	**665,440**
Total current tax	**322,270**	**676,776**
Deferred tax (see below)	(570,905)	(157,399)
Total tax (credit)/expense in statement of profit or loss and OCI	**(248,635)**	**519,377**

The effective income tax rate was -120% (2022: 63%). In 2023, the statutory income tax rate in The Netherlands was 25.8% (2022: 25.8%).

Income taxes differ from the amount calculated by multiplying the Dutch statutory corporate income tax rate by the profit before income taxes. In the financial year, this is mainly due to the release of deferred tax liabilities, amounting to USD 427 million, upon conversion to PIA in Nigeria, at which moment a reduced corporate income tax rate of 30% became applicable to the Group's oil operations.

In prior year, the effective tax rate mainly deviated from the Dutch statutory corporate income tax rate due to the previously higher applicable rate of Petroleum Profits Tax in Nigeria at 50% for companies operating under Production Sharing Contracts with the Nigerian National Petroleum Corporation.

Current tax assets and liabilities

The current tax liability as at 31 December 2023 in the amount of USD 68 million (year-end 2022: USD 172 million), relates to Petroleum Profits Tax payable of USD 3 million (year-end 2022: USD 119 million), Education tax payable of USD 22 million (year-end 2022: USD 42 million) and USD 43 million (year-end 2022: USD 11 million) Corporate income tax payable, out of which USD 42 million (2022: USD 11 million) relates to Nigeria and USD 1 million (2022: USD nil) to The Netherlands. Also refer to note 26 to these special purpose consolidated financial statements.

Deferred tax assets

The Group has USD 1,233 million (2022: USD 1,259 million) of tax losses carried forward that are indefinitely available for offsetting against future taxable profits. These losses have been incurred mainly from the impairment on license acquisition costs and dry wells in Angola, Benin, Gabon and Namibia, and have been claimed for the years in which the branches ceased operations.

At year-end 2023, resulting from the absence of projected taxable profits in the near foreseeable future, the Company did not recognise a deferred tax asset (2022: USD nil).

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

In its assessment of the Company's future taxable profits over the period of loss carry-forward, management considered both favourable and unfavourable evidence. The focal point in the assessment has been the projected results on concluded forward contracts and final repayments on the long-term intercompany financing contracts between the Company and its Nigerian subsidiaries, thereby reducing interest income. These are considered the most objective evidence in assuming future profitability when assessing the extent to which a deferred tax asset on the Company's cessation losses can be recognised.

On this basis, the Group determined that it currently cannot recognise deferred tax assets on the tax losses carried forward.

Deferred tax liabilities

Deferred tax liabilities are recognised for the timing difference of depreciation on the Group's Nigerian assets for tax purposes (accelerated) compared to accounting purposes.

Of the deferred tax liabilities as at 31 December 2023 of USD 484 million (2022: USD 1,055 million), USD 81 million (2022: USD 78 million) is expected to be recovered within 12 months.

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Deferred tax liabilities		
- Deferred tax liabilities to be recovered within 12 months	81,302	78,272
- Deferred tax liabilities to be recovered after more than 12 months	403,070	977,005
Total deferred tax liabilities	**484,372**	**1,055,277**

The pre-netting movement on the deferred income tax account is as follows:

	2023 USD 1,000	2022 USD 1,000
Deferred tax assets at 1 January	-	-
Income statement charge	-	-
Deferred tax assets at 31 December	-	-
Deferred tax liabilities at 1 January	**1,055,277**	**1,212,676**
Income statement credit	(570,905)	(157,399)
Deferred tax liabilities at 31 December	**484,372**	**1,055,277**
Net credit over the year	**(570,905)**	**(157,399)**

In the financial year, the Group renewed the OML 130 license, resulting in OML 130 operating under the terms of the new Petroleum Industry Act 2021 ('PIA') as of June 2023. The Group also voluntary converted the OML 127 license to operate under the PIA as of March 2023. Under these terms, OML 127 and OML 130 are subject to a 30% corporate income tax regime compared to the previous 50% PPT regime, which resulted in the one-time release of USD 427 million of deferred tax liabilities during the year.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Pillar Two income taxes

The Group did not recognise current tax expense related to Pillar Two income taxes for the financial year.

Pillar Two tax legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024.

The Group is considered to be in scope of the enacted or substantively enacted legislation in 2024 and has performed an assessment of the Group's potential exposure to Pillar Two income taxes in that year.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and other information available regarding the projected financial performance of the constituent entities in the Group.

Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are either above 15% or other transitional safe harbour relief applies.

Management is currently not aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

13 Oil and gas properties

The composition of and movement in each of the Group's oil and gas asset classes is as follows:

	Asset Retirement Obligation (ARO)	Producing assets under development	Oil and gas producing assets	Oil and gas properties - total
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Net book values				
At 31 December 2022				
Cost	384,065	13,389	6,448,771	6,846,225
Accumulated depreciation and impairment	(162,536)	-	(4,138,675)	(4,301,211)
Net book value at 31 December 2022	**221,529**	**13,389**	**2,310,096**	**2,545,014**
At 31 December 2023				
Cost	383,547	16,486	6,623,205	7,023,238
Accumulated depreciation and impairment	(195,514)	-	(4,730,701)	(4,926,215)
Net book value at 31 December 2023	**188,033**	**16,486**	**1,892,504**	**2,097,023**
Reconciliation of net book values				
For the year ended 31 December 2022				
At 1 January 2022	33,047	12,231	2,712,268	2,757,546
Additions	-	1,158	46,609	47,767
Revision of decommissioning provision	191,089	-	(106,318)	84,771
Depreciation for the year	(2,607)	-	(260,138)	(262,745)
Impairment charges	-	-	(82,325)	(82,325)
Net book value at 31 December 2022	**221,529**	**13,389**	**2,310,096**	**2,545,014**
For the year ended 31 December 2023				
At 1 January 2023	221,529	13,389	2,310,096	2,545,014
Additions	-	3,097	174,434	177,531
Revision of decommissioning provision	(518)	-	-	(518)
Depreciation for the year	(32,978)	-	(328,744)	(361,722)
Impairment charges	-	-	(263,282)	(263,282)
Net book value at 31 December 2023	**188,033**	**16,486**	**1,892,504**	**2,097,023**

The Group's additions to development and production assets, before adjustments from movements in the decommissioning provisions, of USD 178 million (2022: USD 48 million) relate for USD 9 million (2022: USD 11 million) to the Agbami field (oil producing), for USD 87 million (2022: USD 16 million) to the Akpo field (oil producing), for USD 79 million (2022: USD 20 million) to the Egina field (oil producing) and for USD 3 million (2022: USD 1 million) to the Preowei development field. Expenditures on oil and gas properties on the Akpo and Egina fields include the OML 130 license renewal fee.

Total adjustments from revisions of decommissioning provisions on oil and gas properties, resulting from periodic re-assessment of variables such as projected decommissioning cost per well, discount rates and economic lives of the fields, amounted to net USD 1 million (2022: USD 85 million). Also refer to note 22 to these special purpose consolidated financial statements.

The total number of wells in each of the Agbami, Akpo, Egina and Preowei fields amounts to respectively 45, 55, 38 and 2.

Depreciation expense of USD 362 million (2022: USD 263 million) has been charged to 'Cost of sales'. Any impairment losses and subsequent reversals are presented in a single line item in profit and loss.

Oil and gas production assets are depreciated on a units-of-production basis at a rate calculated by reference to total proved and probable oil and gas reserves ('2P') as determined by reputable independent petroleum engineers in accordance with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework.

In the financial year, impairment losses in the amount of USD 263 million have been recognised (2022: USD 82 million) on the Group's value in use of the Prime 130 oil production assets in Nigeria. These losses mainly resulted from an increase in the discount rate, a decrease in the price curve and from changes in the technical assumptions in OML 130. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate of 12.5% (2022: 10.74%) for the OML 127 field and the OML 130 fields. In prior year, the impairment resulted from the impact on investment plans and asset valuations from a delay in the infill drilling program due to late arrival of a drilling rig and a reduction in the expected recovery of the Egina field.

The discount rate has been determined based on the appropriate weighted average cost of capital, which considers the cost of equity and the cost of debt of entities with a portfolio of assets, of similar tenure, and comparable debt to equity ratios. Market risk, country risk and segment-specific risk is incorporated by applying individual percentages and beta factors, which are evaluated annually based on publicly available market data. The increase in the post-tax discount rate compared to prior year is mainly attributable to a general increase in interest rates on the capital markets and a decrease of the tax rate from PPT at 50% to corporate income tax at 30%.

Future oil price levels is a key assumption and has significant impact on the net present value. Forecasted oil and gas prices are based on management's estimates and available market data. Information about market prices in the near future can be derived from the futures contract market. The information about future prices is less reliable on a long-term basis, as there are fewer observable market transactions going forward. In the impairment test, oil prices for the period up to 2034 are based on Brent prices as forecasted by Independent Qualified Reserve Engineers (IQRE) Analysis, ranging from USD 78/bbl to USD 96/bbl, and on management's long-term price assumptions thereafter (USD 60/bbl).

Future capex, opex and abandonment cost are calculated based on various technical assumptions, such as expected production profiles and the best estimate of the related cost. The long-term inflation rate is assumed to be 2.5 percent.

Another key assumption with significant impact on net present values are the fields' license expiry dates. Following the 20-year renewal of the OML 130 license in May 2023, the new expiry date of the concession is May 2043. The expiry date of the OML 127 concession is December 2024. However, the Group considered in its impairment test also cashflows beyond this date as management applied for renewal and is confident that the OML will be renewed in accordance with industry practice.

The Group considers the Agbami field (OML 127) as a CGU and the Akpo and Egina field combined (OML 130) as a CGU. The Akpo and Egina field combined are considered as one CGU resulting from the cost recovery mechanism between these fields. As the Group has government approval for cost recovery in the block where both fields are located, this implies that costs incurred on the development of Egina are being recovered from the production of Akpo. The Group therefore considers these fields combined for impairment testing and tax purposes.

A change in the long-term oil price by USD 5/bbl would impact the impairment recognised by approximately USD 110 million.

A change in the post-tax discount rate by 1% would impact the impairment recognised by approximately USD 50 million.

As these illustrative impairment sensitivities assume no changes to other input factors, a further price reduction and/or increase of post-tax discount rate is likely to result in changes in business plans as well as other factors used when estimating an asset's recoverable amount. Changes in such input factors would likely significantly change the actual impairment amount compared to the illustrative sensitivities above.

In the net book value of oil and gas properties, no amount of capitalised borrowing costs is included.

Under the conditions of the refinanced RBL facility, the production assets of the Nigerian entities Prime 127 and Prime 130 are secured. Also refer to note 30 to these special purpose consolidated financial statements.

14 Other property, plant and equipment

The movement in the Group's other property, plant and equipment is as follows:

	Plant and equipment	Buildings and improvement	Total
	USD 1,000	USD 1,000	USD 1,000
At 31 December 2022			
Cost	113	487	600
Accumulated depreciation	(110)	(299)	(409)
Net book value at 31 December 2022	**3**	**188**	**191**
At 31 December 2023			
Cost	113	487	600
Accumulated depreciation	(112)	(418)	(530)
Net book value at 31 December 2023	**1**	**69**	**70**
Reconciliation of net book values			
For the year ended 31 December 2022			
At 1 January 2022	59	252	311
Depreciation for the year	(56)	(64)	(120)
Net book value at 31 December 2022	**3**	**188**	**191**
For the year ended 31 December 2023			
At 1 January 2023	3	188	191
Depreciation for the year	(2)	(119)	(121)
Net book value at 31 December 2023	**1**	**69**	**70**

Plant and equipment amounting to USD 1 thousand (2022: USD 3 thousand) mainly relates to IT and other equipment in the Company's office in The Netherlands.

In 2023 and 2022, no impairments have been recognised.

Buildings and improvement amounting to USD 69 thousand (2022: USD 188 thousand) relate to the capitalised refurbishment expenditure of the leased office in The Netherlands.

At 31 December 2023 and 2022, none of the Group's other property, plant and equipment were subject to a registered debenture or other form of security.

15 Other receivables

The composition of the Group's non-current other receivables is as follows:

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Loans to employees	445	426
Total other receivables	**445**	**426**

Loans to employees presented are due within one to five years and do not bear interest. The part of the loans that fall due within one year after balance sheet, in the amount of USD 74 thousand (2022: USD 179 thousand), are presented as 'Other receivables' in note 17 to these consolidated financial statements.

16 Inventories

The composition of the Group's inventories is as follows:

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Materials and supplies	99,566	95,102
Total inventories	**99,566**	**95,102**

Materials and supplies mainly concern goods to be used in the oil production process in Nigeria. Write-downs and reversals, if any, are included in note 10 'Other operating expenses'.

During 2023, there were no inventories written down to net realisable value (2022: USD nil).

17 Trade and other receivables

The composition of the Group's trade and other receivables is as follows:

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Trade receivables	155,405	86,878
Crude oil underlift	41,413	45,181
Short-term receivables with partners, net	48,217	74,114
Other receivables	248	291
Total trade and other receivables	**245,283**	**206,464**

Trade receivables amounting to USD 155 million (2022: USD 87 million) mainly concern the USD 151 million receivable (2022: USD 81 million) from the sale of one Agbami and one Egina cargo by the Company in December 2023 for which cash was received in January 2024. The balance further includes USD 4 million (2022: USD 6 million) receivable from the joint-venture of NNPC (60%) and TEPNG (40%) pursuant to the OML 130 PSA Gas Sale and Purchase Agreement (‘GSPA’). The Group’s proceeds from the oil cargos sold are secured under the conditions of the refinanced RBL facility. Also refer to note 30 to these special purpose consolidated financial statements.

The excess of crude oil sold during the year over the Group’s ownership share of production is recognised as crude oil underlift within ‘Trade and other receivables’, with a corresponding credit to ‘Cost of sales’ (also refer to note 6 to these special purpose consolidated financial statements).

The short-term receivables with partners as at 31 December 2023 and 2022 mainly relate to the Group’s share in the receivables of its joint operations in Nigeria.

All receivables are due within one year and no provision for expected credit losses has been recognised (2022: nil).

Information about the Group’s exposure to credit and currency risks is included in note 27 to these special purpose consolidated financial statements.

18 Prepayments and recoverable taxes

The composition of the Group’s prepayments and recoverable taxes is as follows:

	31 December 2023 USD 1,000	**31 December 2022** USD 1,000
Prepaid expenses	120	81
Recoverable taxes	214	199
Total prepayments and recoverable taxes	**334**	**280**

Prepaid expenses relate to advance payments in The Netherlands and Nigeria (2022: Nigeria).

Recoverable taxes relate to recoverable VAT amounting to USD 0.2 million (2022: USD 0.2 million) from The Netherlands’ tax authorities.

19 Cash and cash equivalents

The composition of the Group’s cash and cash equivalents is as follows:

	31 December 2023 USD 1,000	**31 December 2022** USD 1,000
Cash at bank and in hand	7,150	63,480
Deposits with banks	145,065	268,215
Total cash and cash equivalents	**152,215**	**331,695**

Cash and cash equivalents include cash at hand, bank account balances and deposits. The majority of the Group’s cash and cash equivalents is denominated in US Dollar. Minor balances are held in Euro and Nigerian Naira (NGN).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is equal to the nominal value.

The Group only deposits cash surpluses with major banks of high-quality credit standing. Also refer to note 27 to these special purpose consolidated financial statements.

Under the conditions of the RBL (also refer to note 21 to these special purpose consolidated financial statements), the Group provided security over the cash and cash equivalents amounting to USD 152 million that are held within the so-called project accounts in Nigeria and the Netherlands.

20 Equity

Consolidated members' equity consists of equity attributable to the members of Prime Oil & Gas Coöperatief U.A. of USD 490,368 thousand (2022: USD 384,337 thousand).

Equity attributable to the members consists of the following items:

Membership equity interest

As at 31 December 2023, the membership equity interest of sole members BTG (50%) and Petrovida (50%) amounts in total to USD 526,210 thousand (2022: USD 526,210 thousand).

On 17 December 2020, the Company's legal form as Dutch private company with limited liability was converted to a Dutch cooperative with excluded liability, where its shareholders became the members of the Company. The Company's legal entity, including its trade registration number, as well as the economic interests and voting rights in the capital of the cooperative did not change resulting from the conversion.

In accordance with the Articles of Association, each member has the right to withdraw amounts from its membership account, subject to the prior approval of the General Meeting. Such withdrawal or other distribution out of the membership account to a member, can never lead to a negative balance of the respective membership account and can only be done to the extent that the amount of the net assets exceeds the statutory reserves. In the event that a membership of a member terminates, the Company will transfer the positive balance on the respective membership account to the former member.

In accordance with the Member Agreement, the members shall be under no obligation to provide funds to the Company or its subsidiaries by way of debt or equity.

(Accumulated losses)/Retained earnings

As at 31 December 2023, accumulated losses amount to USD 141,873 thousand (2022: accumulated losses of USD 141,873 thousand).

In prior year, retained earnings of USD 17,130 thousand decreased by USD 159,003 thousand to accumulated losses of USD 141,873 thousand. This decrease resulted from the distributions to members of USD 200,588 thousand from retained earnings, partially offset by the appropriation of the 2021 unappropriated result of USD 41,585 thousand to retained earnings.

In June 2023, the Company made distributions to its members of USD 125 million, followed by distributions of USD 125 million in September and USD 100 million in December. These distributions of USD 350 million in total have been allocated in accordance with the respective members' economic interests held (50/50). No further subsequent distributions have been made as to date.

In prior year March, the Company made distributions to its members of USD 200 million, followed by distributions of USD 50 million in May, USD 75 million in June, USD 100 million in September and USD 75 million in October. These distributions of USD 500 million in total have been allocated in accordance with the respective members' economic interests held (50/50).

Unappropriated result

Over 2023, unappropriated result increased by USD 106,031 thousand. This increase resulted from the 2023 unappropriated result of USD 456,031 thousand, partially offset by the distribution of USD 350 million from unappropriated result to members.

In prior year, unappropriated result of USD 41,585 thousand decreased to USD nil from the appropriation of the 2021 result of USD 41,585 thousand to retained earnings. The 2022 profit for the year of USD 299,412 thousand was fully offset by the distribution to members of USD 299,412 thousands.

At the General Meeting, it will be proposed to appropriate the 2023 unappropriated result of USD 106,031 thousand to accumulated losses.

21 Loans and borrowings

The movement and composition of the Group's loans and borrowings is as follows:

	2023	2022
	USD 1,000	USD 1,000
Reserve Based Lending principal - 1st January	501,064	866,789
Repayments during the year	(501,064)	(365,725)
Drawdown refinanced Reserved Based Lending	750,000	-
RBL principal - 31st December	**750,000**	**501,064**
(-) Capitalised transaction costs	(11,600)	(1,653)
RBL amortised cost value - 31st December	**738,400**	**499,411**
(-) Reserve Based Lending principal - current	91,486	380,658
(+) Capitalised transaction costs - current	(5,001)	(1,469)
RBL book value 31st December - current	**86,485**	**379,189**
RBL book value 31st December - non-current	**651,915**	**120,222**
Pre-export Financing principal - 1st January	281,250	150,000
Drawdowns during the year	-	150,000
Repayments during the year	(281,250)	(18,750)
PXF principal - 31st December	-	**281,250**
PXF amortised cost value - 31st December	-	**281,250**
PXF book value 31st December - current	-	**41,250**
PXF book value 31st December - non-current	-	**240,000**
Total loans and borrowings - current	**86,485**	**420,439**
Total loans and borrowings - non-current	**651,915**	**360,222**

In December 2022, the Company negotiated the terms of a refinancing related to the amended RBL and PXF facility, which consisted of a new RBL facility agreement on which the Company obtained underwriting commitments from lending institutions in the amount of USD 1,050 million. One of the main conditions precedent prior to closing of this refinancing agreement was the renewal of the OML 130 license, which occurred in June 2023.

The principal bears interest at Term SOFR + 4.00% for the first two years as of closing date, Term SOFR + 4.25% for the years 2025 – 2026 and Term SOFR + 4.50% for the years 2027-2028.

In August 2023, the Company amended the terms of the refinanced RBL facility agreement, adding an accordion feature that enables the facility to be increased to up to USD 1,500 million, subject to certain conditions. Repayment of the facility is to occur in semi-annual instalments over a period of 6 years, starting 20 June 2025, insofar that the outstanding balance of the facility will not exceed the borrowing base amount. The Standard Bank of South Africa Limited is the acting facility agent.

As the Group recognises its loans and borrowings from third parties net of transaction costs incurred, the carrying value of the capitalised transaction cost has been netted on the principal amount of loans and borrowings.

Capitalised transaction costs relate to transaction fees incurred in connection with the signing of the RBL facility and have been capitalised to the extent that it is probable that some or all of the facility will be drawn down. These transaction fees are amortised over the period of the facility to which it relates and are charged to the income statement as ‘Other finance cost’ (also refer to note 11 to these special purpose consolidated financial statements).

Resulting from the refinancing of the existing RBL and PXF facility, in the financial year USD 782 million has been repaid on remaining principals, whilst USD 750 million has been drawn under the new refinanced RBL facility. Upon repayment of principals and related interest, the amended RBL facility and PXF facility were extinguished and consequently derecognised; the related capitalised agency fees of USD 0.9 million were expensed.

Total ‘loans and borrowings, non-current’ amounting to USD 652 million (2022: USD 360 million) have a maturity over 1 year, out of which USD nil (2022: USD 25 million) has a maturity over 5 years. Total ‘loans and borrowings, current’ in the amount of USD 86 million (2022: 420 million) fall due in less than one year.

Over 2023, the Group incurred an amount of USD 64 million as finance costs under the RBL facility (2022: USD 43 million), of which USD 57 million relates to interest expenses over the remaining principal (2022: USD 40 million), USD 4 million as amortisation expense on the capitalised transaction costs (2022: USD 3 million) and USD 3 million (2022: USD nil) as commitment fees for the unused portion of the facility.

Under the term of the PXF facility, the Group incurred an amount of USD 12 million as finance costs (2022: USD 17 million), which relates to interest expenses over the principal (2022: USD 16 million). In prior year, finance costs also included USD 0.6 million for commitment fees. Also refer to note 11 to these special purpose consolidated financial statements.

Under the conditions of the RBL facility, the main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities Prime 127 and Prime 130, cash and cash equivalents in the amount of USD 152 million as per 31 December 2023 that are held within the projects accounts in Nigeria and The Netherlands, proceeds from the oil cargos sold and proceeds from the intercompany receivables between the Company and the Nigerian entities. Further, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured. Under the conditions of the agreement, in total 90% of the Group’s cargos is to be delivered to one of the lenders.

Also refer to notes 13, 17 and 19 to these special purpose consolidated financial statements.

The conditions of this non-recourse facility are based on the expected present value of future production from the respective Nigerian oil fields, taking account of factors such as the level of reserves, discount rate, the lenders' assumptions for operational and capital expenditure and expected oil price, including any future price hedging employed by the Company.

The Group's capital management is subject to the following main constraints imposed by the financial covenants of the consortium of banks providing the RBL facility:

- quarterly, total net debt to Ebitdax is not above 3.0, and
- quarterly, the 12 month historical Debt Service Coverage Ratio is not below 1.20, and
- quarterly, the Group Liquidity Test demonstrates that there are, or will be, sufficient funds available to the Group to meet all of its expenditure for the successive 12 months, and
- quarterly, the Development Asset Liquidity Test demonstrates that at any time during the development period of an asset, all available cash and projected cash flows for the period exceed the projected development cost and debt commitments in respect of this development period.

As a result of an event of default, debt would become due and payable prior to its specified maturity. However, a breach of the covenants is considered remedied, when it is remedied to the satisfaction of the consortium of banks within 90 days after the quarter in which the breach occurred.

No events of default or breaches of financial covenants occurred at the end of or during the year.

22 Decommissioning liabilities

The movement of the Group's decommissioning liabilities is as follows:

	2023	**2022**
	USD 1,000	USD 1,000
At 1 January	328,100	229,119
Revision recorded as 'Oil and gas properties'	(518)	84,771
Accretion expense	12,957	14,210
At 31 December	**340,539**	**328,100**

The Group makes full provision for the future cost of decommissioning oil production facilities and pipelines, on a discounted basis, on the installation of those facilities.

The decommissioning provision represents the present value of decommissioning costs relating to the Group's oil and gas properties, which are expected to be incurred up to the economic cut-off dates of the Agbami, Akpo and Egina fields, ranging from 2033 to 2044, which is when the producing oil and gas properties are expected to cease operations. These provisions have been calculated based on the cash flow estimates as provided by the operators of the fields.

Although the current expiry date of the OML 127 concession is December 2024, the Group considered in its measurement also cashflows beyond this date as management applied for renewal and is confident that the OML will be renewed in accordance with industry practice.

The decommissioning liabilities per field are as follows:

	2023	2022
	USD 1,000	USD 1,000
Agbami	70,810	69,532
Akpo	168,829	162,048
Egina	100,900	96,520
	340,539	**328,100**

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

In the financial year, the Group revised its provision for decommissioning liabilities downwards by USD 0.5 million (2021: upwards by USD 85 million), resulting from periodic re-assessment of variables such as projected decommissioning cost per well, discount rates and economic lives of the fields. This revision has also been adjusted on 'Oil and gas properties'. Refer to note 13 to these special purpose consolidated financial statements.

Accretion expense relates to the periodic increase of the discounted present value of the decommissioning provision is included in finance cost. The discount rate used in the calculation of the provision as at 31 December 2023 ranges from 3.88% to 4.20% (2022: 3.88% to 4.14%), depending on the economic cut-off date of the respective field.

23 Other provisions

Through its ownership in OML 127 in Nigeria, Prime 127 has been a party to a tract participation redetermination process for the Agbami field. The final technical procedure to adjust the tract participation that the OPL 216 and OPL 217 licenses have in the Agbami field was completed in October 2015 with the issuance of the expert decision.

In June 2021, Prime 127 signed a Securitization Agreement with Equinor and Chevron, whereby Equinor agreed to pay a security deposit to the two other partners to secure future payments due under that Securitization Agreement, pending a comprehensive resolution being reached among all unit parties in respect of the tract participation in the Agbami field. In accordance with this agreement, in the same month, Prime 127 received from Equinor its portion of the security deposit in the form of a cash payment of USD 305 million.

A provision for the full cash payment has been recorded by the Group to reflect the mechanism pursuant to which any such imbalance payments due from Equinor to Prime 127 under the terms of any future agreement among the Agbami parties will be set-off against this security deposit. The parties will continue ongoing discussions in an attempt to seek final resolution of the formal redetermination of the Agbami tract participation.

24 Employee benefits

The composition of the Group's non-current employee benefits is as follows:

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Balance sheet obligations for:		
- Retirement benefits	2,135	3,630
- Other employee benefits	850	425
Liability in the balance sheet	**2,985**	**4,055**

The Group only provides pension plans to its local Nigerian employees. The Group did not grant any share-based payment awards to its Board members and employees. No contributions have been made to defined contributions pension plans for key management personnel.

The charges for retirement benefits included in 'Other operating expenses' are as follows:

	2023 USD 1,000	2022 USD 1,000
Retirement benefits:		
- Current service cost	157	273
- Interest cost	273	473
- F/X (loss)/gain on revaluation	(405)	183
Total pension charges	**25**	**929**

The movement in the retirement benefit obligation is as follows:

	2023 USD 1,000	2022 USD 1,000
At 1 January	3,630	4,069
Benefit paid	(1,520)	(1,368)
Charge for the year, net	25	929
At 31 December	**2,135**	**3,630**

For its staff in Nigeria, the Group operates a defined benefit gratuity and ex-gratia plan. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. This plan is unfunded. The Group meets its benefit payment obligation as it falls due. The defined benefit plans are administered by a single pension fund that is legally separated from the Group. The pension fund manager is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund. At each reporting date, an Asset-Liability Matching (ALM) study is performed by the pension fund's manager in which the consequences of the investment policies are analysed.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. However, considering the limited number of staff involved, actuarial risks are considered limited.

The amounts recognised in the balance sheet are determined as follows:

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Present value of unfunded obligation	**2,135**	**3,630**

The significant actuarial assumptions used by external actuary, Alexander Forbes Consulting Actuaries Nigeria Limited, are as follows:

	31 December 2023	31 December 2022
Discount rate (p.a)	15%	14%
Rate of salary increase (p.a)	13%	12%

Assumptions regarding the rate of mortality assumed for employees were published in the A1967/70 Ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

The mortality rates by the Institute of Actuaries has been reduced down by one year to accurately reflect mortality in Nigeria. These assumptions translate into an average life expectancy for a pensioner retiring at 55.

The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

Age	31 December 2023	31 December 2022
Withdrawal from Service		
less than or equal to 30	2.5%	2.5%
31-39	2.0%	2.0%
40-44	1.5%	1.5%
45-55	0.0%	0.0%
Early Retirement		
less than or equal to 30	0.0%	0.0%
31-39	0.0%	0.0%
40-44	0.0%	0.0%
45-55	0.5%	0.5%

25 Trade and other payables

The composition of the Group's trade and other payables is as follows:

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Trade and other payables	113,139	120,308
Crude oil overlift payable	47,220	16,758
PXF accrued interest payable	-	6,052
RBL accrued interest payable	2,096	117
Total trade and other payables	**162,455**	**143,235**

Trade and other payables mainly relate to the Group's share in the liabilities of its joint operations in Africa, out of which USD 108 million (2022: USD 117 million) relates to the Nigerian joint operations of subsidiaries Prime 127 (USD 22 million; 2022: USD 17 million) and Prime 130 (USD 86 million; 2022: USD 100 million). These balances are connected to the further development of and production from the Agbami field (Prime 127) and Akpo and Egina fields (Prime 130).

The Group's excess of crude oil purchased during the year over its entitlement share of production, is recognised as a crude oil overlift payable balance with a corresponding charge to 'Cost of sales'. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production. At balance sheet date, an overlift payable balance has been recorded in the amount of USD 47 million (2022: USD 17 million). Also refer to note 6 to these special purpose consolidated financial statements.

The total balance of 'Trade and other payables' includes an amount of USD 2 million (2022: USD 0.1 million) for RBL facility interest payable. PXF accrued interest payable has been settled as part of the refinancing of the RBL and PXF facility in the financial year.

All trade and other payables are due within one year. Information about the Group's exposure to currency and liquidity risk is included in note 27 to these special purpose consolidated financial statements.

26 Taxes and royalties payable

The composition of the Group's taxes and royalties payable is as follows:

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
PPT payable	3,117	119,152
Education tax payable	22,264	41,765
Royalties payable	7,339	4,235
Corporate income tax payable	42,670	11,336
Payroll taxes payable	1,347	1,563
Other taxes payable	195	193
Taxes and royalties payable	**76,932**	**178,244**

Taxes and royalties payable include the Group's liabilities for corporate income tax due on oil and gas in the amount of respectively USD 37 million (2022: USD nil) and USD 5 million (2022: USD 11 million), corporate income tax due in The Netherlands of USD 1 million (2022: USD nil), education tax payable on oil and gas in the amount of respectively USD 22 million (2022: USD 42 million) and USD 0.4 million (2022: USD nil), royalties payable on oil and gas in the amount of respectively USD 6 million (2022: USD 2 million) and USD 1 million (2022: USD 2 million), payroll tax, withholding tax and VAT payable.

The PPT payable balance represents the Group's share of tax oil due in OML 130 per balance sheet date. In past years, PPT oil lifted by the operator in OML 130 on behalf of the Group was sold to 3rd party customers and proceeds were used to settle the Group's tax liabilities. In prior year, Prime 130 however started paying tax oil in cash itself, while being compensated by an equivalent value in oil allocation by the operator. Before the conversion of OML 130 to operate under the PIA, the Group paid in the financial year the larger part of PPT due.

All taxes and royalties payable are due within one year.

27 Risk & capital management and financial instruments

The Group's aim is to create membership value through the exploration and appraisal phase of the exploration and production cycle in Africa and then, at the appropriate time, monetise that value and reinvest proceeds into further exploration activities and maximise returns for the Group's members.

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and short-term deposits that derive directly from its operations. Depending on developments in market conditions, the Group also enters into derivative transactions.

The Group's activities expose it to a variety of risks and uncertainties: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and environmental and legal risk.

27.1 Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's overall risk management programme, which seeks to minimise potential adverse effects on the Group's financial performance.

The corporate risk management policy is carried out by a committee set up by the Supervisory Board of both members to evaluate and establish guidelines for measuring, monitoring, and managing the risks periodically and to support the Board decisions. Representatives of different business areas are convened to discuss specific matters.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in risk profiles and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The department identifies, evaluates, and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Internal Audit function oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the committee that is composed of members of the Board of Directors and Supervisory Board.

The Board of Directors is continuously monitoring the risks of the Group through the risk register. If these risks are expected to be not in line with corporate risk management policy, the Board will discuss these risks with its members. The Board of Directors agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and commodity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

(i) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group entities. The Group considers it is not exposed to significant risks resulting from fluctuations in foreign currency exchange rates, because its crude oil is sold in US Dollars which is the Group's functional currency and the RBL facility is denominated in US Dollars as well. Foreign exchange variation usually arises as a result of the Group's overhead expenses which constitute a less significant portion of the transactions of the Group. Further, cash balances are primarily held in US Dollars to provide a natural hedge to reflect that the majority of the Group's business is managed and conducted using US Dollars. Small balances are retained in other currencies for local operating and administrative needs to ensure that its net exposure is kept to an acceptable level.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates under the RBL facility.

Management considers the Group's exposure to interest rate risk moderate as, on balance sheet date, the remaining RBL principal amounts to USD 750 million. As such, the Group has substantial floating-rate borrowings which are partially offset by cash held at variable rates. Therefore, a change in interest rates at the reporting date is likely to affect profit and loss of the Group.

As the Group's financing agreements make reference to Secured Overnight Financing Rate (SOFR), management believes that the Group has limited exposure to changes in benchmark interest rates – such as the London Inter-Bank Offering Rate (USD LIBOR), which rate setting references ceased to exist after 30 June 2023. Also refer to note 21 to these special purpose consolidated financial statements. Therefore, management believes that the Group has limited exposure to changes in benchmark interest rates.

The following table demonstrates the sensitivity of the Group's profit before tax from a reasonably possible change in interest rates of the floating rate borrowings (with all other variables held constant). The impact on equity is the same as the impact on profit before tax.

Increase/(Decrease) in interest rate	**Effect on profit before tax 2023** USD 1,000 (Decrease)/Increase	**Effect on profit before tax 2022** USD 1,000 (Decrease)/Increase
+1.5%	(6,063)	(15,092)
-1.5%	6,063	15,092

(iii) Price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Short-term volatility in oil crude prices is considered to have a limited impact on the Group's result. Longer-term price movements are however impacted by economic events that dictate the levels of supply and demand.

The movement in average realised oil prices would normally impacts the Group's revenues. However, with average realised prices per barrel of USD 84.60 in 2023 compared to USD 84.48 in the same period of the prior year, the impact of price movements on Group's revenues is considered limited.

Sales of crude oil in 2023 have been made to 3rd party customers, with the majority pursuant to forward contracts at variable pricing to ensure stability in cash flows and manage volatility in oil prices. At balance sheet date, six cargos of the Group's expected 2024 cargo entitlement are covered by forward contracts and one cargo by an Asian put option with a strike price of USD 80 per barrel, covering the period between 1 March and 31 May 2024. The average cargo lifted is for 1 million barrels of oil. If the average spot price in that period would fall below the strike price, the Company will be compensated in cash for the difference between the lower average spot price and the strike price. If the average spot price in the period would reach above the strike price, the put option expires and the Company would benefit from the actual higher spot price. Based on the foregoing, the Group considers its exposure to commodity price risk moderate.

Crude oil price sensitivity

The table below summarises the impact on profit before tax for changes in crude oil prices, excluding any hedge accounting impact. The impact on equity is the same as the impact on profit before tax. The analysis is based on the assumption that the average crude oil price moves 10% resulting in a change of USD 8.46/bbl (2022: USD 8.45/bbl), with all other variables held constant. Reasonably possible movements in crude oil prices were determined based on a review of the last years' historical prices and economic forecasters' expectations.

Increase/(Decrease) in crude oil prices	**Effect on profit before tax 2023** USD 1,000 Increase/(Decrease)	**Effect on profit before tax 2022** USD 1,000 Increase/(Decrease)
Increase USD 8.46/bbl (2022: USD 8.45/bbl)	56,426	88,997
Decrease USD 8.46/bbl (2022: USD 8.45/bbl)	(56,426)	(88,997)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers and outstanding receivables and committed transactions to joint venture partners.

The carrying amount of financial assets represents the maximum credit exposure.

(i) Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group holds cash and cash equivalents of USD 152 million at 31 December 2023 (2022: USD 332 million). The Group's more significant cash and cash equivalents are held with bank and financial institution counterparties, which are rated 'A-1', based on rating agency Standard & Poor's ratings.

(ii) Trade and other receivables

In the financial year, the Group sells its crude oil and natural gas to reputable 3rd party customers with long track records in the industry; it therefore considers credit risk on accounts receivable in general limited. No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these reputable counterparties.

An impairment analysis is performed at each reporting date to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of its joint-venture partners. Management therefore carefully considers the factors that may influence the credit risk of these receivables such as the general default risk in the industry and country in which it operates with the joint-venture partners. The Group further mitigates this risk by entering into transactions with long-standing, reputable counterparties and partners.

Under the conditions of the RBL facility, in total 90% of the Group's cargos is to be delivered to one of the lenders. The Group evaluates the concentration of risk with respect to trade and other receivables assets as moderate, as although its limited number of customers are located in several jurisdictions, they operate within the same industries in the same markets.

The table below states the Group's financial assets in relevant maturity groupings at the respective balance sheet dates:

	Neither past due nor impaired	Within 1 year	Total
	USD 1,000	USD 1,000	USD 1,000
31 December 2023			
Cash and cash equivalent	152,215	-	152,215
Trade and other receivables	245,283	-	245,283
	397,498	-	**397,498**
31 December 2022			
Cash and cash equivalent	331,695	-	331,695
Trade and other receivables	206,464	-	206,464
	538,159	-	**538,159**

Liquidity risk

Liquidity risk of the Group mainly relates to the inability to fund exploration work programmes and excess cost and capital spending. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Weekly review of cash flows, periodical review of working capital and funding options and a prudent approach to budgeting and planning ensure sufficient capital to meet commitments. Further, a formalised annual budget process and ongoing monthly reviews of actuals to budget analysis mitigate the risks of excess cost and capital spending. This is further evidenced by Board approval of the annual work programmes.

As the Group's cash flow generating activities are located in Nigeria, the Group bears a certain level of concentration risk in this geographical area. The Group ensures however that this country risk is effectively identified, measured and managed by using an internal model to determine the risk rating of the country. The model inputs are continually updated to reflect economic and political changes in the country. In determining the rating, the Group's network of operations, country visits and external sources of information are used extensively.

To maintain adequate financial liquidity to meet the Group's business plans, the Group mainly uses forward sales transactions against the downward risk associated with oil price volatility.

Currently, apart from the RBL facility of which all conditions precedent have been met as at 31 December 2023, the Group does not maintain any lines of credit.

The following are the remaining contractual maturities of the Group's financial liabilities at the respective balance sheet dates. The amounts disclosed are the gross and undiscounted contractual cash flows.

	Within 1 year	**Between 1 and 5 years**	**Over 5 years**	**Total**
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
At 31 December 2023				
Trade and other payables	120,308	-	-	120,308
Loans and borrowings	91,486	658,514	-	750,000
	211,794	**658,514**	**-**	**870,308**
At 31 December 2022				
Trade and other payables	120,308	-	-	120,308
Loans and borrowings	421,908	322,876	37,530	782,314
	542,216	**322,876**	**37,530**	**902,622**

27.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise the membership's value.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

To maintain or adjust the capital structure, the Group may obtain external funding and/or adjust the distributions to its members in close cooperation with these members.

The Group monitors capital using the following gearing ratios:

(i) Net Debt / EBITDAX not above 3.0, and

(ii) Historic Debt Service Cover Ratio ('DSCR') not below 1.2

The Group's capital management is subject to the constraints imposed by its members and externally imposed capital requirements (refer to note 21 to these special purpose consolidated financial statements) by the consortium of banks providing the RBL facility. No events of default or breaches of financial covenants occurred at the end of or during the year.

In 2023 and 2022, the Group's debt-to-equity ratio has fluctuated in the following manner (USD thousand or single unit):

	2023	2022
Total debt (current and non-current) (A)	752,096	788,483
Cash and cash equivalents (B)	152,210	331,678
Net debt (C=A-B)	599,886	456,805
Members' equity (D)	490,368	384,337
Net debt / (Net debt + Members' equity) (C/(C+D))	0.55	0.54
EBITDAX (E)	917,535	1,232,132
Interest expense (F)	76,430	60,434
Net debt / EBITDAX (C/E)	**0.65**	**0.37**
EBITDAX / Interest expense (E/F)	12	20

-Total debt is calculated by adding the remaining principals under the RBL (and PXF) facilities to accrued interest payable thereon and related commitment fees payable.

-Cash and cash equivalents exclude cash at hand and the Group's share in cash balances of its joint operations.

-EBITDAX is calculated as profit before tax, adjusted by adding back: net finance result, depreciation and amortisation expense on 'Oil and gas properties' and 'Other property, plant and equipment', asset impairment charges and exploration expense.

-Interest expense of USD 76 million (2022: USD 60 million) is calculated by adding interest charges under the RBL (and PXF) facility of USD 69 million (2022: USD 56 million) to commitment fees of USD 3 million (2022: USD 0.6 million) and amortisation expense on capitalised upfront RBL fees of USD 4 million (2022: USD 3 million).

27.3 Financial assets and liabilities

Financial assets

The Group has entered into the following derivative commodity contract that has not been designated as a hedge:

Asian put option	Financial instrument classification	Term	Notional amount (bbl)	Strike price (USD)	Cost price option (USD)	Fair value at 31 December 2023 (USD)	Fair value change recognised in profit and loss (USD)
Dated Brent	Fair value through profit and loss	1 March to 1 June 2024	1,000,000	80	5,370,000	**6,377,670**	**1,007,670**

When using put options, the Group classifies these derivatives as financial assets measured at fair value through profit or loss. The resulting USD 6.4 million (2022: USD nil) fair value of this contract has been recognised as an asset in the statement of financial position under 'derivative financial instruments'. The maximum credit exposure of this derivative asset is the carrying value. The Group mitigates this risk by entering into transactions with long-standing, reputable financing institutions with investment grade credit ratings.

The change in the fair value of this commodity price derivative of USD 1 million gain (2022: USD: nil) has been recognised in profit and loss as 'Other financial income'. Also refer to note 11 to these special purpose consolidated financial statements.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Groups' financial assets at amortised cost comprise 'other receivables', 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Financial assets		
Derivatives measured at fair value through profit or loss		
Current		
Asian put-option	6,378	-
	6,378	**-**
Debt instruments at amortised cost		
Non-current		
Other receivables	445	426
Current		
Trade and other receivables	245,283	206,464
Cash and cash equivalents	152,215	331,695
Total financial assets at amortised cost	**397,943**	**538,585**
Total current	**397,498**	**538,159**
Total non-current	**445**	**426**

Financial liabilities

The Group classifies its financial liabilities as financial liabilities at amortised cost (including separately 'loans and borrowings').

Loans and borrowings from 3rd parties are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost.

Financial liabilities at amortised cost also include 'trade and other payables'. Trade and other payables are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value.

	31 December 2023 USD 1,000	31 December 2022 USD 1,000
Financial liabilities		
Financial liabilities at amortised cost		
Non-current		
Loans and borrowings	651,915	360,222
Current		
Loans and borrowings	86,485	420,439
Trade and other payables	113,139	120,308
Total financial liabilities at amortised cost	**851,539**	**900,969**
Total current	**199,624**	**540,747**
Total non-current	**651,915**	**360,222**

Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is commodity price risk.

The Group uses forward contracts and an Asian put option to hedge its commodity price risk in accordance with the risk management strategy outlined by the Board of Directors.

In most forward contracts the Company does not fix the Dated Brent component of the forward price at the time of entering the contract, but uses a trigger pricing mechanism. When the forward price curve falls below a certain trigger price, this mechanism provides an irrevocable instruction to an off-taker to fix the Dated Brent price component of a cargo. The trigger price is based on a percentage of the Brent forward curve at the time the instruction was given for the month of the expected lifting. If the forward price curve never falls below that threshold, the respective cargo is sold at spot. On the forward commodity contracts hedge accounting is not considered applicable as the own-use exception applies: the Group does not enter into physical oil contracts other than to meet the Group's expected sales requirements. These arrangements therefore fall outside the scope of IFRS 9 and are classified as normal sales contracts that are accounted for on an accrual basis.

In the financial year, the Company purchased an Asian put option for one million barrels of oil, which protects the Company against price movements below the strike price of USD 80 per barrel in the period between 1 March and 31 May 2024. If the average spot price in that period would fall below the strike price, the Company will be compensated in cash for the difference between the lower average spot price and the strike price. If the average spot price in the period would reach above the strike price, the put option will expire and the Company benefits from the actual higher spot price. Any gains or losses arising from changes in the fair value of this derivative are taken directly to profit or loss.

Over the financial year, the Company recognised a profit of USD 26 million (2022: loss of USD 263 million) on its forward contracts and a gain of USD 1 million on its put option, representing the derivative instrument's change in fair value. Also refer to note 11 to these special purpose consolidated financial statements.

Fair values of financial assets and financial liabilities

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable input
Asian put-option	Forward pricing model	Discount rate
		Discount for counterparty credit risk
Other financial assets and liabilities	Discounted cash flows	Own non-performance risk
		Discount for non-performance risk counterparty

The table below presents a disclosure of fair value of the Group's financial assets and liabilities as at 31 December 2023 and 2022.

None of these financial assets and liabilities have been offset as the Group only presents the net amount in the statement of financial position when it has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

There were no transfers between levels of the fair value hierarchy during the year.

	31 December 2023	31 December 2022
Financial assets	USD 1,000	USD 1,000
Derivatives measured at fair value through profit or loss		
Level 2		
Asian put-option	6,378	-
	6,378	-
Debt instruments at amortised cost		
Level 1		
Cash and cash equivalents	152,215	331,695
Level 3		
Other receivables	445	426
Trade and other receivables	245,283	206,464
	397,943	**538,585**
Total financial assets	**404,321**	**538,585**
Financial liabilities		
Liabilities at amortised cost		
Level 3		
Trade and other payables	**113,139**	**120,308**
Loans and borrowings		
Level 2		
Loans and borrowings	**738,400**	**780,661**
Total financial liabilities at amortised cost	**851,539**	**900,969**
Total financial liabilities	**851,539**	**900,969**

The fair values of the larger part of the Group's financial assets and liabilities as at 31 December 2023 and 2022 approximate their carrying values due to the short-term maturities of these instruments. Derivative financial instruments are already carried at fair value.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the discounted cash flow method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2023 and 2022 was assessed to be insignificant.

The notes to the specific items of the statement of financial position disclose the fair value of the related instrument if the fair value does not approximate carrying value. For the principles of the primary financial instruments, reference is made to the recognition principles per item of the statement of financial position.

28 Leases

The Group has entered into a limited number of leases for buildings and items of plant and machinery under medium-term lease agreements. Future minimum lease payments under non-cancellable lease agreements as at 31 December 2023 as well as lease amounts recognised in these special purpose consolidated financial statements are therefore considered insignificant.

As the Group has significant interests in non-operated Production Sharing Agreements ('PSAs') in Nigeria that are classified as Joint Operations under IFRS 11, *Joint Arrangements*, the Group presents its proportionate share of the assets, liabilities, revenues and expenses on a line-by-line basis in the special purpose consolidated financial statements in accordance with the IFRSs applicable to the respective assets, liabilities, revenues and expenses.

29 List of subsidiaries

Set out below is a list of material subsidiaries of the Group per 31 December 2023:

Name of subsidiary	% and number of shares owned by Company	Other shareholder	% and number of shares owned by other shareholder
Prime 127 Nigeria Limited (‘Prime 127’) 1, Adeola Odeku Street, 5th Floor, Sapetro Towers Victoria Island, Lagos, Nigeria	99.9942% 3,425,300,000	Prime 130	0.0058% 200,000
Prime 130 Nigeria Limited (‘Prime 130’) 1, Adeola Odeku Street, 5th Floor, Sapetro Towers Victoria Island, Lagos, Nigeria	99.9956% 4,525,850,000	Prime 127	0.0044% 200,000
Petrobras Tanzania Limited (‘PETAN’) Ground Floor Kilwa House, Plot 369 Toure Drive, Dar es Salaam, Tanzania	The Company dissolved its subsidiary in Tanzania at the end of 2022, after which it was formally closed in March 2023.		

30 Commitments

(i) Capital commitments working programmes

In accordance with the terms of the production sharing contracts entered into by the Group along with other consortium partners in respect of its oil fields and blocks, the Group has certain minimum exploration and development commitments with estimated capital expenditures in oil and gas properties of USD 0.9 billion as at 31 December 2023, USD 0.7 billion as at 31 December 2024, USD 0.5 billion as at 31 December 2025, USD 0.3 billion as at 31 December 2026 and USD 0.1 billion as at 31 December 2027.

(ii) Securities and guarantees

Under the conditions of the RBL facility, the main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities Prime 127 and Prime 130, cash and cash equivalents in the amount of USD 152 million as per 31 December 2023 that are held within the projects accounts in Nigeria and The Netherlands, proceeds from the oil cargos sold and proceeds from the intercompany receivables between the Company and the Nigerian entities. Further, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured. Also refer to notes 13, 17, 19 and 21 to these special purpose consolidated financial statements.

The Group’s policy is to provide financial guarantees only to subsidiaries.

(iii) Commitments from forward sales

The Group uses physical forward sales contracts at variable pricing to manage its commodity price risk and ensure stability in cash flows. Its strategy is to cover approximately 50% of its next 12-months’ scheduled cargos by forward contracts. At balance sheet date, six cargos of the Group’s expected lifted entitlement production are covered by forward contracts. The average cargo lifted is for 1 million barrels of oil. On the forward commodity contracts hedge accounting is not considered applicable as the own-use exception applies: the Group does not enter into physical oil contracts other than to meet the Group’s expected sales requirements. These arrangements therefore fall outside the scope of IFRS 9 and are classified as normal sales contracts that are accounted for on an accrual basis.

31 Contingencies

(i) Claims and litigation

From time to time the Group is involved in claims and legal proceedings arising in the normal course of business. While these claims may seek substantial damages against the Group and are subject to uncertainty inherent in any litigation, the Group does not believe that the ultimate resolution of such matters will have a material adverse impact on the Group's operating results or financial position.

(ii) Insurance

Management believes that the Group has in general adequate insurance coverage of the risks, including adequate property damage coverage for its main production assets, which could have a material effect on the Group's operations and financial position. Under the conditions of the RBL facility, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured.

32 Related parties

The Group considers all legal entities that can be controlled, jointly controlled or significantly influenced to be related parties. Also, entities which can control the Company are considered a related party as well as all legal entities that can be controlled, jointly controlled or significantly influenced by the Company's members. In addition, the Group considers the members of the Board of Directors and Supervisory Board as key management personnel as defined by IAS 24.

(i) Parent and ultimate controlling party

On 14 June 2013, Petrobras International Braspetro B.V. ('PIB'), Rotterdam, The Netherlands, and BTG Pactual E&P B.V. ('BTG E&P') entered into a binding agreement to establish a 50/50 joint venture for oil and gas exploration and production in Africa. As the joint venture was formed upon the acquisition by BTG E&P of 50% of the shares issued by Prime Oil & Gas B.V., at that time named Petrobras Oil & Gas B.V., the Company was owned for 50% by PIB and for 50% by BTG E&P.

Ultimate parent company of PIB is Petróleo Brasileiro S.A., Rio de Janeiro, Brazil, where BTG E&P B.V. was ultimately held by BTG Pactual Holding S.A., Sao Paulo, Brazil ('BTG'), with a 20% minority stake held by Helios Investment Partners, London, United Kingdom ('Helios').

On 14 January 2020, PIB completed the sale of its 50% interest in the Company to PetroVida Holding B.V., Rotterdam, The Netherlands ('Petrovida'). BTG continued to own the remaining 50% membership interest in the Company through direct parent company BTG Pactual Holding S.à r.l., a private limited liability company governed and existing under the laws of the Grand Duchy of Luxembourg that, in December 2020, legally merged with previous shareholder BTG Pactual E&P B.V., where the latter entity ceased to exist after the merger. The 20% minority stake in BTG Pactual Holding S.à r.l., previously held by Helios, is now held by Helios, Petralon Energy Limited, Lagos, Nigeria and various other shareholders.

The Petrovida financial statements are available for public use at the Chamber of Commerce in The Netherlands, the BTG financial statements at the Luxembourg Trade and Companies Register.

Petrovida, a company established to acquire PIB's stake in the Company, is wholly owned by Africa Oil Holdings B.V., The Netherlands. Ultimate parent company is Africa Oil Corporation, Vancouver, Canada ('Africa Oil'). Africa Oil is focused primarily on Africa with a portfolio of exploration and appraisal assets in West and South of Africa, as well as Guyana. Africa Oil is listed on the Toronto Stock Exchange and on Nasdaq Stockholm.

(ii) Key management personnel

No advances or loans have been provided to members of the Board of Directors or Supervisory Board in 2023 and 2022. Compensation of the Group's key management personnel only includes salaries and cash bonuses (refer to note 10 to these special purpose consolidated financial statements). Contributions to post-employment defined benefit plans are only provided for the Nigerian employees in accordance with local law (refer to note 24 to these special purpose consolidated financial statements).

(iii) Related party transactions

The Group enters into transactions in the ordinary course of business with various related parties during the year. These transactions may relate to technical services based on service agreements with its subsidiaries, sale of crude oil and funds provided by and to subsidiaries and associated companies to finance the operations of the Group, including interest thereon. All these transactions are in principle carried out on an at arm's length basis.

Significant transactions and balances with related parties are disclosed in the notes; refer to notes 6, 15, 17, 24 and 25 to these special purpose consolidated financial statements.

33 Subsequent events

Subsequent to 31 December 2023, no events occurred that would require adjustment to these special purpose consolidated financial statements.

Independent auditor's report

To: the board of directors of Prime Oil & Gas Coöperatief U.A.

Report on the audit of the special purpose consolidated financial statements

Our opinion

In our opinion, the special purpose consolidated financial statements give a true and fair view of the consolidated financial position of Prime Oil & Gas Coöperatief U.A. (the Company) and its subsidiaries (together 'the Group') as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards').

What we have audited

The Group's special purpose consolidated financial statements comprise:

- the special purpose consolidated statement of financial position as at 31 December 2023;
- the special purpose consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the special purpose consolidated statement of changes in equity for the year then ended;
- the special purpose consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).
Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the special purpose consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics) that are relevant to our audit of the special purpose consolidated financial statements in the Netherlands. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the VGBA, Dutch Code of Ethics.

PricewaterhouseCoopers Accountants N.V., Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, the Netherlands
T: +31 (0) 88 792 00 10, F: +31 (0) 88 792 95 33, www.pwc.nl

Responsibilities of the board of directors and the supervisory board for the special purpose consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the special purpose consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The supervisory board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the special purpose consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the special purpose consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rotterdam, 8 September 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by G.E. van den Broek RA

Special purpose consolidated financial statements 2022

Prime Oil & Gas Coöperatief U.A.

Rotterdam

8 September 2024

Contents

Special purpose consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Note	2022 USD 1,000	2021 USD 1,000
Revenue	5	1,446,337	1,220,310
Cost of sales	6	(556,368)	(542,056)
Gross Profit		**889,969**	**678,254**
Other operating income	7	112,810	355,590
Exploration expenses	8	(2,687)	(3,887)
Impairment charges oil and gas properties	9	(82,325)	-
Other operating expenses	10	(30,825)	(28,380)
Operating Profit		**886,942**	**1,001,577**
Finance income	11	6,491	418
Finance costs	11	(74,644)	(100,380)
Profit before tax		**818,789**	**901,615**
Income tax expense	12	(519,377)	(460,030)
Profit for the year		**299,412**	**441,585**
- membership interest of the parents		299,412	441,585
- non-controlling interest		-	-
Other comprehensive expense that may be reclassified to the income statement (net of income tax)			
- loss on derivative financial instruments		-	(1,117)
Total other comprehensive expense for the year		**-**	**(1,117)**
Total comprehensive income for the year		**299,412**	**440,468**
- membership interest of the parents		299,412	440,468
- non-controlling interest		-	-

Approved on behalf of the Board:

[redacted]

Mr. Aldo Vinicius Perracini
Chief Executive Director

The notes on pages 6 to 72 are an integral part of these special purpose consolidated financial statements.

Special purpose consolidated statement of financial position as at 31 December 2022

		31 December 2022	31 December 2021
		USD 1,000	USD 1,000
Assets	*Note*		
Oil and gas properties	13	2,545,014	2,757,546
Other property, plant and equipment	14	191	311
Other receivables	15	426	343
Non-current assets		**2,545,631**	**2,758,200**
Inventories	16	95,102	86,913
Trade and other receivables	17	206,464	282,551
Prepayments and recoverable taxes	18	280	427
Cash and cash equivalents	19	331,695	517,878
Current assets		**633,541**	**887,769**
Total assets		**3,179,172**	**3,645,969**
Equity	20		
Membership interests		526,210	526,210
(Accumulated losses)/retained earnings		(141,873)	17,130
Unappropriated result		-	41,585
Total equity attributable to members		**384,337**	**584,925**
Loans and borrowings - non-current	21	360,222	491,617
Decommissioning liabilities	22	328,100	229,119
Other provisions	23	305,263	305,263
Employee benefits	24	4,055	7,169
Deferred income tax liabilities	12	1,055,277	1,212,676
Non-current liabilities		**2,052,917**	**2,245,844**
Loans and borrowings - current	21	420,439	520,337
Trade and other payables	25	143,235	162,996 [1]
Taxes and royalties payable	26	178,244	131,867 [1]
Current liabilities		**741,918**	**815,200**
Total liabilities		**2,794,835**	**3,061,044**
Total liabilities and equity		**3,179,172**	**3,645,969**

[1] *Adjusted for comparison purposes.*
Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

The notes on pages 6 to 72 are an integral part of these special purpose consolidated financial statements.

Special purpose consolidated statement of changes in equity for the year ended 31 December 2022

		Equity attributable to members				
		Membership interest	Accumulated OCI	(Accumulated losses)/ Retained earnings	Unappropriated result	Total
	Note	USD 1,000	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Balance as at 1 January 2021		**526,210**	**670**	**(19,851)**	**37,428**	**544,457**
Transfer of result prior year to (accumulated losses)/retained earnings		-	-	37,428	(37,428)	-
Total comprehensive income						
Profit for the year		-	-	-	441,585	441,585
Other comprehensive expense	20	-	(670)	(447)	-	(1,117)
Total comprehensive income		-	**(670)**	**(447)**	**441,585**	**440,468**
Total contributions by and distributions to members of the Company, recognised directly in equity						
- Dividend distribution	20	-	-	-	(400,000)	(400,000)
Total transactions with members		-	-	-	**(400,000)**	**(400,000)**
Restated balance as at 31 December 2021		**526,210**	-	**17,130**	**41,585**	**584,925**
Balance as at 1 January 2022		**526,210**	-	**17,130**	**41,585**	**584,925**
Transfer of result prior year to retained earnings		-	-	41,585	(41,585)	-
Total comprehensive income						
Profit for the year		-	-	-	299,412	299,412
Other comprehensive expense	20	-	-	-	-	-
Total comprehensive income		-	-	-	**299,412**	**299,412**
Total contributions by and distributions to members of the Company, recognised directly in equity						
- Dividend distribution	20	-	-	(200,588)	(299,412)	(500,000)
Total transactions with members		-	-	**(200,588)**	**(299,412)**	**(500,000)**
Balance as at 31 December 2022		**526,210**	-	**(141,873)**	-	**384,337**

The notes on pages 6 to 72 are an integral part of these special purpose consolidated financial statements

Special purpose consolidated statement of cash flows for the year ended 31 December 2022

	Note	2022 USD 1,000	2021 USD 1,000
Cash flows from operating activities			
Profit before tax		818,789	901,615
Adjustments for:			
Depreciation	6	262,865	303,507
Impairment charges oil and gas properties	9	82,325	-
Finance result, net of accretion expense	11	53,943	84,586
Accretion expense	22	14,210	15,375
Current E&P taxes	12	(631,690)	(466,956)
Corporate income taxes	12	(11,336)	(27,578)
Other taxes	12	(33,750)	-
Increase in other provisions	23	-	305,263
(Decrease)/increase of provision for employee benefits	24	(3,114)	1,673
Working capital adjustments:			
Change in inventories	16	(8,189)	(9,903)
Change in trade and other receivables	17	37,330	(155,273)
Change in crude oil underlift receivables from joint venture	17	38,757	(40,784)
Change in crude oil overlift payable to joint venture partners	25	8,056	8,702
Change in prepayments and recoverable taxes	18	147	61
Change in trade and other payables	25	(33,651)	62,097 [1]
Change in taxes and royalties payable	26	46,377	115,854 [1]
Net cash inflow from operating activities		**641,069**	**1,098,239**
Cash flows from investing activities			
Expenditures on oil and gas properties	13	(47,767)	(50,521)
Interest income received	11	6,264	417
Net cash outflow from investing activities		**(41,503)**	**(50,104)**
Cash flows from financing activities			
Distributions to members	20	(500,000)	(400,000)
Repayments on loans and borrowings	21	(384,475)	(436,018)
Proceeds from loans and borrowings	21	150,000	150,000
Interest expense paid	11	(51,303)	(44,889)
Proceeds from staff loan	15	(83)	95
Payment on settlement of derivative financial intruments	11	-	(30,587)
Net cash outflow from financing activities		**(785,861)**	**(761,399)**
		(186,295)	**286,736**
Cash and cash equivalents at the beginning of the year	19	**517,878**	**231,354**
Foreign exchange variation on cash and cash equivalents		112	(212)
Movement over the year		(186,295)	286,736
Cash and cash equivalents at the end of the year		**331,695**	**517,878**

[1] *Adjusted for comparison purposes.*
Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

The notes on pages 6 to 72 are an integral part of these special purpose consolidated financial statements.

Notes to the special purpose consolidated financial statements for the year ended 31 December 2022

1 Reporting entity

Prime Oil & Gas Coöperatief U.A. ('the Company') is a cooperative with exclusion of liability domiciled in The Netherlands, registered at the trade register with number 34224579 as referred to in Article 9 section A of the Trade Register Act 2007. The address of the Company's registered office is Delftse Poort, Tower A – 21st floor, Weena 505, 3013 AL, Rotterdam, The Netherlands.

The special purpose consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the figures of the Company and its subsidiaries (jointly referred to as the 'Group' and individually as 'Group entities').

The Group is primarily involved in the exploration and production of oil and gas through its subsidiaries in Nigeria.

On 17 December 2020, the Company's legal form as Dutch private company with limited liability was converted to a Dutch cooperative with excluded liability, where its shareholders became the members of the Company. The legal entity, including the trade registration number, as well as the economic interests and voting rights in the capital of the cooperative did not change resulting from the conversion.

The Group is owned for 50% by PetroVida Holding B.V., Rotterdam, The Netherlands ('Petrovida') and for 50% by BTG Pactual Holding S.à r.l. ('BTG'), a private limited liability company governed and existing under the laws of the Grand Duchy of Luxembourg that, in December 2020, legally merged with previous shareholder BTG Pactual E&P B.V. After the merger, BTG Pactual E&P B.V. ceased to exist.

The Petrovida financial statements are available for public use at the Chamber of Commerce in The Netherlands, the BTG financial statements at the Luxembourg Trade and Companies Register.

Ultimate parent company of Petrovida is Africa Oil Corporation, Vancouver, Canada. BTG is ultimately held by BTG Pactual Holding S.A., Sao Paulo, Brazil, with a minority stake held by Helios Investment Partners, London, United Kingdom, Petralon Energy Limited, Lagos, Nigeria and various other shareholders.

2 Basis of preparation

Statement of compliance and authorisation of special purpose consolidated financial statements

The special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board (IFRS IASB). IFRS includes the application of International Financial Reporting Standards, including International Accounting Standards (IAS) and related interpretations of the IFRS Interpretations Committee (IFRICs).

The preparation of special purpose consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the special purpose consolidated financial statements, are disclosed in the note 'Significant accounting judgements, estimates and assumptions'.

The special purpose consolidated financial statements were authorised for issue by the Board of Directors.

Comparative figures

These special purpose consolidated financial statements for the year ended 31 December 2022 were prepared together with the comparative period data for the year ended 31 December 2021. The Group has consistently applied the accounting policies used throughout the periods presented, as if these policies had always been in effect, except for the adjustments described below and in note 3 (New standards and interpretations) to these special purpose consolidated financial statements.

Reclassifications in the primary special purpose consolidated statements of the Group

For comparison purposes, ‘Taxes and royalties payable’, previously presented as part of ‘Trade and other payables’, has been presented as a single line item in the special purpose consolidated statement of financial position. Further, the comparatives in the special purpose consolidated statement of cash flows as well as the disclosures in note 25 ‘Trade and other payables’, note 26 ‘Taxes and royalties payable’ and note 27.2 ‘Capital management’ have also been adjusted to reflect this reclassification.

Basis of measurement

The special purpose consolidated financial statements have been prepared on the historical cost basis. The Group uses the successful efforts method of accounting for exploration and development costs.

Going concern

The Directors performed their assessment of the Company’s ability to continue as a going concern for at least 12 months from the date of preparation of the special purpose consolidated financial statements and have not identified events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. As such, tthese special purpose consolidated financial statements have been prepared on a going concern basis.

In assessing the appropriateness of the going concern assumption, management have stress-tested the Group’s most recent financial projections to incorporate a range of potential future outcomes by considering the Group’s principal risks, further potential downside pressures on oil and gas prices and cash preservation measures, including reduced future operating costs, capital expenditure and dividend distributions. Consideration has also been given to climate change and energy transition risk, although any associated material impacts are generally considered of a longer-term nature, outside the five-year business plan period. Therefore, this risk was not assessed as a stress case scenario for the going-concern assumption. However, it is worth noting that key assumptions that underpin the amounts recognised in these special purpose consolidated financial statements, such as future oil and gas prices, discount rates, future costs of decommissioning and tax rates, cover periods beyond five years and do take climate change and energy transition implicitly into account.

The assessment performed confirmed that the Group has adequate cash and other liquid resources to enable it to meet its obligations as they fall due in order to continue its operations during the going concern period.

Functional and presentation currency

(i) Functional currency

These special purpose consolidated financial statements are presented in USD, which is the Group’s functional currency as the majority of the Group’s transactions are denominated in USD. All financial information presented in USD has been rounded to the nearest thousand (USD’000), except when otherwise indicated.

(ii) Foreign currency

Monetary assets and liabilities denominated in foreign currency are translated into USD at the exchange rates prevailing on balance sheet date. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within ‘finance income’ or ‘finance costs’. Translation differences related to changes in amortised cost are recognised in profit and loss, and other changes in carrying amount are recognised in other comprehensive income.

The capital of the Company is translated at year-end rates with the resulting translation gains or losses included in the translation reserve as part of equity.

At year-end the following rates have been used:

2022: EUR 1 = USD 1.0666

2021: EUR 1 = USD 1.1829

Significant accounting judgements, estimates and assumptions

The preparation of the Group’s special purpose consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the date of the special purpose consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognised prospectively.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the special purpose consolidated financial statements.

Judgements

(i) Classification of joint arrangements (Note 4)

The special purpose consolidated financial statements include transactions of non-operated Production Sharing Contracts (‘PSCs’). The PSC transactions include the Group’s proportionate share of the PSCs assets, liabilities and expenses, with items of a similar nature on a line-by-line basis, from the date that participation in the PSC arrangements commenced.

The Group has applied judgment in determining that it has joint control over the PSCs. This determination recognises that all major decisions outside the original scope of the operations require unanimous approval by at least the Group and one or more of the PSCs partners. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure program for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle.
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
- The legal form of the separate vehicle;
- The terms of the contractual arrangement;
- Other facts and circumstances (when relevant).

As the Group has a proportionate share of the rights to the PSCs' assets and the obligations for the PSCs' liabilities, it classifies these interests as a Joint Operation under IFRS 11, *Joint Arrangements*, and presents its proportionate share of the assets, liabilities, revenues and expenses on a line-by-line basis in the special purpose consolidated financial statements.

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. If the Group did not have both joint control and a proportionate share of the rights to the PSCs' assets and obligations for the PSCs' liabilities, it would present only its net investment in the PSCs and its proportionate share of the PSCs' net income in the special purpose consolidated financial statements.

(ii) Accounting for leases and joint operations (Note 4)

Where the Group participates in a joint operation, either as a lease operator or non-operator party, determining whether to recognise and whether to measure a lease obligation involves judgement and requires identification of which entity has primary responsibility for the lease obligations entered into in relation to the joint operation's activities.

Where the joint operation (including all parties to that arrangement) has the right to control the use of the identified asset and all parties have a legal obligation to make payments to the third-party supplier, each joint operation participant would recognise its proportionate share of the lease-related balances. This may arise where all parties to an unincorporated joint operation sign the lease agreement, or the joint operation is some sort of entity or arrangement that can sign in its own name.

However, where the Group is the lead operator and the sole signatory such that it is the one with the legal obligation to pay the third-party supplier, it would recognise 100% of the lease-related balances on its balance sheet. The Group would then need to assess whether the arrangement with the non-operator parties contains a sublease. This assessment would be based on the terms and conditions of each arrangement and may be impacted by the legal jurisdiction in which the joint arrangement operates. Regardless of whether there is a sublease or not, the Group, in case it acts as the lead operator, would continue to recognise the lease liability for as long as it remains a party to the arrangement with the third-party supplier and has primary obligation to the lease payments.

(iii) Revenue recognition (Note 5)

Judgement is required in determining when and how much revenue to recognise from contracts with customers. While the Group has determined that all revenue from contracts with customers is earned at a point in time, there is judgement involved in this consideration. Contractual arrangements for the sale of different products or with different terms may result in revenue being recognised over time.

There is also judgement involved in assessing whether the Group is the principal or agent in revenue transactions. In determining that the Group is acting as principal, the terms of the agreements were carefully considered and it was concluded that the Group controls the product before it is transferred to the customer. In alternate arrangements, the Group could be determined to be acting as agent.

Under the terms of existing contracts, the Group has determined that shipping or transportation services are not being provided to the customer, and that the only performance obligations are for the sale of crude oil and natural gas. Judgement is required in determining whether shipping is being provided as a service, and this impacts on the identification of performance obligations, whether all performance obligations are recognised at a point in time or over time, and the overall timing of revenue recognition.

Finally, judgement is required to determine whether the contractual arrangements contain only variable consideration, or also embedded derivatives, and if variable consideration, whether to exercise the constraint.

(iv) Taxes (Note 12)

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(v) Contingencies (Note 31)

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Estimates and assumptions

(i) Hydrocarbon reserve and resource estimates (Notes 13 and 22)

Oil and gas production assets are depreciated on a units-of-production (UoP) basis at a rate calculated by reference to total proved and probable oil and gas reserves ('2P') determined in accordance with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework. Facilities included in oil and gas production assets are depreciated on a straight-line basis over the economic useful life of the field.

The Group estimates its commercial reserves based on information provided by reputable independent petroleum engineers, which concerns amongst others the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates.

Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices; the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements.

The current long-term Brent oil price assumption used in the estimation of commercial reserves is based on the long-term oil price forward curve of Bloomberg L.P. The carrying amount of oil and gas development and production assets at 31 December 2022 is shown in note 13.

As the economic assumptions used may change and, as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of 'Oil and gas properties' (including capitalised asset retirement obligations) of USD 2,545 million (2021: USD 2,758 million) may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit and loss may change where such charges are determined using the UoP-method, or where the useful life of the related assets change.
- Provisions for decommissioning amounting to USD 328 million as at 31 December 2022 (2021: USD 229 million) may change - where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

(ii) Units-of-production depreciation of oil and gas properties (Note 13)

Oil and gas properties amounting to USD 2,545 million (2021: USD 2,758 million) are depreciated using the UoP-method over total estimated proved and probable hydrocarbon reserves ('2P'), except for facilities that are depreciated on a straight-line basis over the economic useful life of the field. This results in a depreciation/amortisation charge that is proportional to the depletion of the anticipated remaining production from the field. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserve. The calculation of the UoP-rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total estimated proved and probable reserves, or future capital expenditure estimates change. Changes to proved and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including the effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions or unforeseen operational issues.

(iii) Recoverability of oil and gas properties (Note 13)

The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, with reference to total proved and risk-adjusted probable reserves ('2P'), a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves (see Hydrocarbon reserves and resource estimates above), operating performance (which includes production and sales volumes), the economic useful lives of the fields, license expiry dates and license renewal fees. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use of oil and gas properties is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU.

Management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

(iv) Decommissioning costs (Note 22)

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision, amounting to USD 328 million as at 31 December 2022 (2021: USD 229 million), at each reporting date. 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, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required, based on cash flows discounted to their present value using a discount rate that reflects current market assessments of the time value of money.

Group's interest in joint arrangements

Except for the Group's licenses in Nigeria, at balance sheet date, all its blocks in the other Group entities have been relinquished.

- *Prime 127 Nigeria Limited ('Prime 127')*

Prime 127 currently has a funding interest of 12.4924% (20% of 62.4619%) in the unitised Agbami field. The funding interests of the other partners are: Chevron's company, Star Deep Water Petroleum Limited ('Star'; 49.9695%), Equinor (20.2143%), and Texaco Nigeria Outer Shelf Limited (17.3238%).

Prime 127's current equity interest in the non-unitised part of OML 127 PSA is 8%, while its funding interest is 20%. Although privately held Nigerian company Famfa Oil Limited ('Famfa') is the official operator of the block, the duties of the operator are delegated to Star which has an equity interest of 32% in OML 127 PSA and a funding interest of 80%. Famfa holds the remaining equity interest of 60% in the license. However, cost oil and recovery oil remain 80% and 20% for Star and Prime 127, respectively, as Famfa does not contribute to costs. The expiry date of the OML 127 concession is December 2024. In 2022, no distributions were made by Prime 127 to its shareholders (2021: USD nil).

- *Prime 130 Nigeria Limited ('Prime 130')*

Prime 130's current equity interest in OML 130 PSA is 32%, while its funding interest is 40% wherein it carries 40% of 20% (i.e. 8%) share of cost of privately held Nigerian company South Atlantic Petroleum Limited ('Sapetro'), the original owner of the concession. Although Sapetro is the official operator of the block, the duties of the operator are delegated to Total Upstream Nigeria Limited ('Tupni'). Tupni has an equity interest of 48% in OML 130 PSA and a funding interest of 60%, wherein it carries 60% of 20% (i.e. 12%) share of costs of Sapetro. Sapetro holds the remaining equity interest of 20% in OML 130 PSA. Other partner in the block is China National Offshore Oil Corporation ('CNOOC'), which has an equity interest of 90% in OML 130 PSC related to the Akpo field, while Sapetro owns the remaining 10% interest in the PSC. The expiry date of the OML 130 concession is March 2025. In 2022, Prime 130 declared USD 450 million dividend to its shareholders (2021: USD nil).

- *Petrobras Tanzania Limited ('PETAN')*

Petrobras Tanzania Limited ('PETAN') was incorporated in the United Republic of Tanzania in 2004 and has been engaged in the exploration of offshore oil and gas reserves. In 2022, PETAN distributed liquidation proceeds of USD 3 million to its shareholders (2021: nil distributions). The Company formally closed its subsidiary in Tanzania in March 2023.

There was no change in the Group's risk associated with interests in the joint arrangements.

3 New standards and interpretations

The International Accounting Standards Board (IASB) has issued certain International Financial Reporting Standards or amendments to these, and the IFRS IC has issued certain interpretations. The impact of changes on the Group's special purpose consolidated financial statements has been assessed.

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued.

Except for the changes below, the Group has consistently applied the accounting policies set out in note 4 to all periods presented in these special purpose consolidated financial statements.

New and amended standards adopted by the Group

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2022.

Although these new standards and amendments applied for the first time in 2022, they did not have a material impact on the 2022 special purpose consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets + Annual Improvements 2018-2020 (All issued 14 May 2020) – effective date 1 January 2022.

On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

-update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;

-add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;

-and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

As the Group did not obtain new businesses effective 1 January 2022, this Amendment is not applicable to the Group's current activities and transactions. As such, there is no impact on the Group's figures or accounting policies from the adoption of this Amendment with effect from 1st January 2022.

On 14 May 2020, the IASB issued 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The Amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards:

Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 Financial Instruments:

Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases:

Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 Agriculture:

Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The adoption of the Amendments does not have a material impact on the Group's figures or accounting policies with effect from 1st January 2022.

New standards, amendments and interpretations not yet adopted by the Group

The following new standards and amendments to standards and interpretations are not mandatory for 31 December 2022 (IFRS IASB) reporting periods and have - when applicable - not been early adopted in preparing these 2022 special purpose consolidated financial statements.

When applicable, there is no material impact expected on the Group's special purpose consolidated financial statements or accounting policies from the adoption of these standards and amendments to standards and interpretations.

IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)

IFRS 17 Insurance Contracts was issued by the Board on 18 May 2017 and is needed to address many inadequacies in the wide range of insurance accounting practices used applying *IFRS 4 Insurance Contracts*.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021).

The amendments will help companies:

-improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and

-distinguish changes in accounting estimates from changes in accounting policies.

Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the Board issued amendments to *IAS 1 Presentation of Financial Statements* and *IFRS Practice Statement 2 Making Materiality Judgements*. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. To support this Amendment the Board also amended IFRS Practice Statement 2 Making Materiality Judgements (Materiality Practice Statement) to explain and demonstrate the application of the 'four-step materiality process' to accounting policy disclosures.

The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)

The Board has also issued amendments to *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments to IAS 8 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021).

For some transactions, IFRS standards require the simultaneous recognition of an asset and a liability. A consequence is that IAS 12 could also require the recognition of offsetting temporary differences. Before the amendments, it was not clear whether IAS 12 required recognition of deferred taxes for these temporary differences or whether the initial recognition exemption applied. That exemption prohibits an entity from recognising deferred tax assets and liabilities on initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable profit.

The Board amends IAS 12 to provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a decommissioning provision and the corresponding decommissioning asset. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences related to leases and decommissioning obligations and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early application of the amendments is permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)

The amendment to *IFRS 17 Insurance contracts* is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The Amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020 and 15 July 2020 respectively) and Non-current Liabilities with Covenants (issued on 31 October 2022) – effective date 1 January 2024.

On 23 January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments affect only the presentation of liabilities in the statement of financial position; not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. They further clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and are to be applied retrospectively. Earlier application is permitted.

More in detail, the Amendments clarify:

What is meant by a right to defer settlement

The Board addressed the original request for clarification by removing 'unconditional' in the Standard which states that a liability is current if an entity 'does not have an unconditional right to defer settlement of the liability for at least twelve months'. The Board explained that a right to defer settlement is rarely unconditional, as such rights often are conditional on compliance with covenants. Therefore, the Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. As such, a right conditional on compliance with covenants in future periods is considered 'unconditional' if the entity is in compliance with those conditions at the end of the reporting period.

That a right to defer must exist at the end of the reporting period

The Amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

That classification is unaffected by the likelihood that an entity will exercise its deferral right.

The Board also considered whether events after the reporting period, such as breaches of covenant or early repayments by the entity, would affect the classification of the liability. IAS 1.75A has been added to clarify that the 'Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. Therefore, any expectations about events after the reporting period (and prior to the authorisation of financial statements) do not impact the assessment made at the end of the reporting period as to the classification of the liability. Thus, although management may intend to settle a financial liability shortly after the end of the reporting period, as long it has a right to defer settlement for at least twelve months, the liability is classified as non-current. This applies even if settlement has occurred when the financial statements are authorised for issuance. It should be noted, however, that there may be disclosure requirements in accordance with IAS 10 *Events after the reporting period* relating to the change in circumstances of the liability, such as a settlement of the liability.

That, only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current. Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

On 31 October 2022, the IASB published *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early adoption permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2024.

Amendments to Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) – effective date 1 January 2024.

The International Accounting Standards Board (IASB) has issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The Amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2024.

4 Significant accounting policies

The significant accounting policies applied in the preparation of these special purpose consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless stated otherwise.

The Group has consistently applied the following accounting policies to all years presented in these special purpose consolidated financial statements.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit and loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

(ii) Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree.

Acquisition related costs are expensed as incurred and included in administrative expenses as part of 'Other operating expenses', except if related to the issue of debt or equity securities.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Those petroleum reserves and resources that are able to be reliably measured are recognised in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, '*Financial Instruments'*, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit and loss immediately. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a CGU and part of the operation in that unit or location is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(iii) Non-controlling interests ('NCI')

NCI are measured at their proportionate share of the investment's identifiable net assets at the acquisition date. Adjustments to NCI arising from transactions that do not involve loss of control are based on a proportionate amount of the net assets of the investment.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset, depending on the level of influence retained. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(v) Interests in joint arrangements

IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

A *joint operation* is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

These special purpose consolidated financial statements include transactions of non-operated Production Sharing Contracts ('PSCs') that classify as joint operations.

Where the Group's activities are conducted through joint operations, the Group recognises its share of the jointly held assets and liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint operation's output, together with its share of the expenses incurred by the joint operation, and any expenses it incurred in relation to its interest in the joint operation and a share of production.

The Group combines its share of the jointly held assets and liabilities, income and expenses of the joint operation with similar items, line by line, in its special purpose consolidated financial statements.

A *joint venture* is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group's investment in its joint ventures is accounted for using the equity method.

(vi) Reimbursement of the Joint Venture operator's costs

When the Group, acting as an operator, receives reimbursement of direct costs recharged to the joint venture, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint venture and therefore have no effect on profit and loss.

When the Group charges a management fee (based on a fixed percentage of total costs incurred for the year) to cover other general costs incurred in carrying out the activities on behalf of the joint venture, it is not acting as an agent. Therefore, the general overhead expenses and the management fee are recognised in profit and loss as an expense and income, respectively.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Related parties

The Group considers all legal entities that can be controlled, jointly controlled or significantly influenced to be related parties.

Also, entities which can control the Company are considered a related party, as well as all legal entities that can be controlled, jointly controlled or significantly influenced by the Company's members.

In addition, the Group considers the members of the Board of Directors and Supervisory Board as key management personnel and as related parties as defined by IAS 24.

Revenue recognition

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. As such, revenue is recognised when control of the goods or service transfers to the customer, it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The measurement of revenue, when a performance obligation is satisfied, is based on the amount of the transaction price (excluding estimates of variable consideration that are constrained) that is allocated to that performance obligation, excluding discounts, sales taxes, excise duties and similar levies.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognised is the net amount of commission made by the Group. The Group has concluded that it is acting as a principal in all of its revenue arrangements, as described below:

(i) Sales of crude oil and natural gas

Revenue from the sale of crude oil and natural gas is recognised when control of the goods transfers to the customer. The transfer of control of the crude oil and natural gas sold by the Group usually coincides with title passing to the customer and the customer taking physical possession. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Crude oil transaction prices under forward contracts are based on the agreed contract price plus or minus a premium based on an arithmetical average of the mean in quoted market prices for the previous month of the bill of lading. The performance obligation is satisfied and payment is due upon delivery, FOB, to the buyer. At this point in time, at the bill of lading date, a trade receivable is recognised and there are generally 30 days between revenue recognition and payment. There are no obligations for returns, refunds, warranties nor other obligations when control has been transferred.

The Group principally satisfies its performance obligations at a point in time and the amounts of revenue recognised relating to performance obligations satisfied over time are not significant.

Revenue from crude oil transactions not covered under forward contracts, arises from the production and lifting of crude oil on an 'entitlements' basis. Under the entitlements method, revenue reflects the Group's share of production under the terms of the relevant production sharing contracts, regardless of which participant has actually made the sale and invoiced the production. This is achieved by applying the following approach in dealing with imbalances between actual sales and entitlements:

- Crude oil entitlement *underlifts* are recognised at the market price of oil at balance sheet date. The excess of product sold during the period over the participant's ownership share of production is recognised by the Group (acting as underlifter) as an asset in Trade and other receivables with a corresponding credit to Cost of Sales. The Group's underlift receivable is the right to receive additional oil from future production without the obligation to fund the production of that additional oil.
- Crude oil entitlement *overlifts* are treated as a purchase of crude oil by the overlifter from the underlifter and are also recognised at the market price of oil at balance sheet date. The excess of product purchased during the period over the participant's ownership share of production is recognised by the Group (acting as overlifter) as a liability in Trade and other payables with a corresponding charge to Cost of Sales. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production.

Revenues resulting from the production of oil under Production Sharing Contracts (‘PSCs’) is recognised for those amounts relating to the Group’s cost recoveries and the Group’s share of the remaining production. Sales between group companies are based on prices generally equivalent to commercially available prices.

(ii) Tax oil revenue

According to the production-sharing agreements (‘PSAs’), the share of the profit oil (‘PPT’) to which the government is entitled in any calendar year, in accordance with the PSA, is deemed to include a portion representing the corporate income tax imposed upon and due by the Group.

As the tax oil lifted by the operator on behalf of the Group is sold to 3rd party customers and proceeds are used to settle the Group’s tax liabilities, this share of PPT is considered to be within the scope of IFRS 15, ‘*Revenue from contracts with customers*’. Consequently, this portion of income tax and revenue is presented gross in profit and loss. ITC utilised is recognised as ‘Other operating income’.

(iii) Royalties

Obligations arising from royalty arrangements and other types of taxes that do not satisfy the criteria of IAS 12 *‘Income Taxes’* are accrued and included in ‘Cost of sales’. This is considered to be the case when the royalties are imposed under government authority and the amount payable is based on physical quantities produced or as a percentage of revenue, rather than taxable income. The equivalent amount of royalties is also presented in revenues to differentiate between the portion of revenue lifted by the operator on behalf of the Group to settle the Group’s royalty liabilities and the associated royalties as part of ‘Cost of sales’.

(iv) Sale of goods

Revenue on the sale of equipment is recognised when the performance obligation is satisfied and payment is due, which is generally upon receipt of the equipment by the buyer. At this point, control of the equipment transfers to the buyer, recovery of the consideration is probable, the associated costs and possible return of the equipment can be estimated reliably, there is no continuing management involvement with the equipment, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of control can however vary depending on the individual terms of the sales agreement. For sales of equipment, usually transfer occurs when the good is delivered to the buyer’s warehouse; however, for some international shipments the transfer occurs on loading the goods onto the relevant carrier at the port. Generally, for such goods the buyer has no right of return.

There are generally 30 days between recognition of revenue and payment. Also, given each sale of equipment represents an enforceable contract and all performance obligations are satisfied at that time, there are no remaining performance obligations (unsatisfied or partially unsatisfied) requiring disclosure.

(v) Government grants

The Group recognises an unconditional government grant, such as investment tax credits, in profit and loss as ‘Other operating income’ when the grant becomes receivable.

Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in profit and loss as ‘Other operating income’ on a systematic basis, necessary to match them with the costs they are intended to compensate.

Production costs

The costs of producing oil from a developed well are charged to the income statement in the period in which they are incurred. Production costs mainly relate to lifting costs from personnel, material and services from 3rd parties.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the net gain or loss on hedging instruments that are recognised in profit or loss; and
- the reclassification of net gains previously recognised in other comprehensive income (OCI).

(i) Interest income and expense

Interest income or expense is recognised using the effective interest method. Interest income mainly relates to earnings on the Group bank accounts and deposits.

When financial assets are impaired, the Group reduces the carrying amounts to their recoverable amounts, being the estimated future cash flow discounted at the original effective interest rate of the instruments and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original effective interest rate.

(ii) Dividend income

Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established.

Employee benefits

Only for its employees in Nigeria, the Group operates various post-employment schemes, including a defined contribution pension plan and other post-employment plans.

(i) Pension obligations

Under the Group's defined contribution pension plan, the Group pays fixed contributions to a fund held by a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employees' service in the current and prior periods.

For its defined contribution plan, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group operates a contributory retirement benefit plan for its employees in accordance with the Pension Reforms Act of 2014. Contributions to the plan are made at 8% of basic, housing and transport allowances for the employees and 11% for the Group. The contribution is paid to a third-party fund manager as agreed with members of the staff. The fund manager renders monthly accounts to members of staff.

(ii) Gratuity scheme

Lump-sum benefits payable on retirement, termination or resignation of employment are accrued over the service life of the employee concerned. This is a defined benefit plan that defines the amount of gratuity benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of the defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related gratuity obligation. In Nigeria, where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income. The Group's scheme is not funded.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the Group recognises costs for a restructuring that is within the scope of IAS 37, '*Provisions, Contingent Liabilities and Contingent Assets',* and involves the payment of termination benefits.

In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Remeasurements are recognised in profit and loss in the period in which they arise. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Group did not grant any share-based payment awards to its board members and employees.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In these cases, tax is also recognised directly in equity or in other comprehensive income, respectively.

In addition to corporate income taxes, typical exploration and production taxes on the Group's crude oil operations in Nigeria, such as Petroleum Profits Tax ('PPT'), Education Tax and related investment tax credits, are disclosed as income taxes. These Nigerian petroleum taxes are provided in accordance with the Petroleum Profits Tax Act (PPTA) CAP. P13 Vol. 13 LFN 2004 and the Finance (Miscellaneous Taxation Provisions) Decree No.18 of 1998.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates (and laws) that are expected to be applied to temporary differences when the related deferred income tax asset is realised or the deferred income tax liability is settled, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(iii) Production-sharing arrangements

The current rate of petroleum profits tax (‘PPT’) in Nigeria is 50% for the contract area for companies operating under Production Sharing Contracts (‘PSCs’) with the Nigerian National Petroleum Corporation (‘NNPC’). Education tax is assessed at 2% of the assessable profits. For some of its qualifying capital expenditure (‘QCE’), the Group is entitled to claim an investment tax credit (‘ITC’) at the rate of 50% of the QCE incurred, either wholly or exclusively or necessarily for the purposes of its petroleum operations.

According to the production-sharing agreements (‘PSAs’), the share of the profit oil (‘PPT’) to which the government is entitled in any calendar year, in accordance with the PSA, is deemed to include a portion representing the corporate income tax imposed upon and due by the Group. As the tax oil lifted by the operator on behalf of the Group is sold to 3rd party customers and proceeds are used to settle the Group’s tax liabilities, this share of PPT is considered to be within the scope of IFRS 15, ‘*Revenue from contracts with customers*’. Consequently, this portion of income tax and revenue is presented gross in profit and loss. ITC utilised is recognised as ‘Other operating income’.

(iv) Royalties

Royalties are accounted for under IAS 12 *'Income Taxes'* when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income; rather than physical quantities produced or as a percentage of revenue. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are accrued and included in 'Cost of sales'. The royalties payable by the Group are considered not to meet the criteria to be treated as part of income taxes and are therefore included in 'Cost of sales'.

Oil exploration, evaluation and development expenditure

Oil exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting. Costs are accumulated on a field-by-field basis. For purpose of impairment testing, management has assessed its cash-generating units ('CGUs') as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

Capitalised expenditure relating to the Group's carried interest is recorded in line with the Group's accounting policy. Cost recoveries made out of production from the carried interest are credited to the appropriate asset.

(i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised in intangible assets as part of 'Exploration and evaluation assets'. Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs is written off through profit and loss.

Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to 'Oil and gas properties' and classified as development and production assets. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

(iii) Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Geological and geophysical costs are recognised in profit and loss as incurred.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through profit and loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. Exploration costs capitalised in respect of exploration wells that are more than 12 months old are written-off, unless (a) proved reserves are booked, or (b.1.) commercially producible quantities of reserves have been found and (b.2.) the wells are subject to further exploration or appraisal activity in that either drilling or additional exploratory wells is underway or firmly planned for the near future or other activities are being undertaken to sufficiently progress the assessing of reserves and the economic and operating viability of the project. When this is no longer the case, the costs are written off through profit and loss.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (when required) any impairment loss is recognised, then the remaining balance is transferred to 'Oil and gas properties' and classified as development and production assets. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognised.

(iv) Farm in / outs in the exploration and evaluation phase

A farm in / farm out is when the owner of a working interest (the farmor) transfers all or a portion of its working interest to another party (the farmee) in return for the farmee's performance of some agreed upon action. If the farmee agrees to undertake exploration, drill well(s), or develop the property, the farmor transfers all or a portion of the working interest in the property to the farmee.

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal in 'Other operating income'.

Oil and gas properties

Oil and gas properties are aggregated exploration and evaluation tangible assets, and development expenditures associated with the production of proved and probable reserves. Development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within 'Oil and gas properties'. These assets are depreciated/amortised on a unit-of-production ('UoP') basis over the total proved and probable reserves ('2P') of the field concerned from the commencement of production, taking into account future development expenditures necessary to bring those reserves into production. Facilities included in oil and gas production assets are depreciated on a straight-line basis over the economic useful life of the field concerned.

(i) Initial recognition

Oil and gas properties are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets, borrowing costs.

Qualifying assets are those that necessarily take a substantial period of time to build and from which future benefits accrue to the Group. Capitalisation continues up to the date that all the substantial activities necessary to get the asset ready for its intended use are complete.

Capitalised expenditure relating to the Group's carried interest is recorded in line with the Group's accounting policy. Cost recoveries made out of production from the carried interest are credited to the appropriate asset category.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is derecognised.

When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

(ii) Depreciation/amortisation

Oil and gas properties are depreciated/amortised from the commencement of production, on a unit-of-production basis, which is the ratio of oil and gas production in the period to the estimated quantities of the total proved and probable reserves ('2P') at the end of the period plus the production in the period, on a field-by-field basis. Facilities included in oil and gas production assets are depreciated on a straight-line basis over the economic useful life of the field concerned.

Costs used in the unit of production calculation and straight-line depreciation comprise the net carrying amount of capitalised costs plus the estimated future field development costs. Changes in the estimates of reserves or future field development costs are dealt with prospectively.

Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

Rights and concessions are depleted on the unit-of-production basis over the total proved and probable reserves of the relevant area.

(iii) Major maintenance, inspection and repairs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset, that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

(iv) Development and production asset swaps

Exchanges of development and production assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the amount given up. A gain or loss is recognised on the difference between the carrying amount of the asset given up and the fair value of the asset received in profit and loss.

(v) *Farm in / outs outside the exploration and evaluation phase*

In accounting for a farm-out arrangement outside the exploration and evaluation phase, the Group:

- Derecognises the proportion of the asset that it has sold to the farmee.
- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor.
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is only recognised when the value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets.
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent.

The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Any part of the consideration that is receivable in the form of cash is treated as a definition of a financial asset and is accounted for at amortised cost.

Other property, plant and equipment

(i) *Initial recognition*

Other property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. This category includes cost of movable assets, which are also allocated over the other asset categories, depending on the phase of the Group's operations.

An item of 'Other property, plant and equipment' is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised.

(ii) *Depreciation/amortisation*

Depreciation and amortisation are provided at different rates, calculated to write-off the cost less estimated residual value of each asset on a straight-line basis over its productive life:

Plant and equipment	20 - $33^{1}/_{3}$%
Buildings and improvement	20%

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period, and adjusted prospectively, if appropriate.

Impairment of non-financial assets

Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use. For further detail refer to the note 'Significant accounting judgements, estimates and assumptions'.

Impairment – oil and gas production properties

Oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, and is calculated with reference to total proved and risk-adjusted probable reserves ('2P'). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. For further detail refer to the note 'Significant accounting judgements, estimates and assumptions'.

Impairment losses of continuing operations, including impairment of inventories, are recognised in profit and loss in those expense categories consistent with the function of the impaired asset.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit and loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short-term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in profit and loss in the period in which they are incurred. Management considers exploration and evaluation assets non-qualifying assets, unless they meet the 'probable economic benefits' test. Any related borrowing costs incurred during this phase are recognised in profit and loss in the period in which they are incurred.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The classification of a financial assets depends on the business model of an entity and on the cash flows associated with each financial asset. The classification of a financial liability depends on the purpose for which the financial liability was acquired. Management determines the classification of the Group's financial assets and liabilities at initial recognition.

Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss, as appropriate.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI-test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(a) Financial assets *at amortised cost* (debt instruments)

(b) Financial assets *at fair value through OCI with recycling* of cumulative gains and losses (debt instruments)

(c) Financial assets designated *at fair value through OCI with no recycling* of cumulative gains and losses upon derecognition (equity instruments)

(d) Financial assets *at fair value through profit or loss*

The Group currently does not have any financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) or any financial assets at fair value through profit or loss.

(a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's financial assets at amortised cost include 'trade and other receivables'.

(b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32, '*Financial Instruments: Presentation*' and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI-test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- the economic characteristics and risks are not closely related to the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
- the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a *12-month ECL*). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a *lifetime ECL*).

For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and trade and other payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings, including bank overdrafts.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

The Group currently does not have any financial liabilities at fair value through profit or loss.

(b) Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing ‘loans and borrowings’ and ‘trade and other payables’. These are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

(c) Derivatives designated as hedging instruments in an effective hedge

For recognition and measurement of the Group’s derivatives designated as hedging instruments in an effective hedge, refer to the section *Derivative financial instruments and hedge accounting*.

(iii) Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is commodity price risk.

The Group uses forward commodity contracts to hedge its commodity price risk. On the forward commodity contracts hedge accounting is not considered applicable as the own-use exception applies: the Group does not enter into physical oil contracts other than to meet the Group’s expected sales requirements. These arrangements therefore fall outside the scope of IFRS 9 and are classified as normal sales contracts that are accounted for on an accrual basis.

(i) Initial recognition and subsequent measurement

The Group’s derivative financial instruments, such as the fixed price oil swaps, are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

(a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

(b) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

(c) Hedges of a net investment in a foreign operation.

When applied, the Group’s fixed price swaps are designated as cash flow hedges and are entered into for periods consistent with crude oil price exposure of the underlying transactions, generally from 13 to 36 months.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group's cash flow hedges that meet all the qualifying criteria for hedge accounting are accounted for as follows: the Group designates all of the fixed price swaps as hedging instrument. Any gains or losses arising from changes in the fair value of these derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Inventories

Inventories mainly comprise materials. These are stated at the lower of cost and net realisable value. Purchase cost includes costs of bringing material inventory to their present location and condition, including freight and handling charges. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

If carrying value exceeds the net realisable amount, a write down is recognised. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Trade receivables

Trade receivables are amounts due from customers for crude oil and gas sold or services performed in the ordinary course of business and represent the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. Cash and cash equivalents include cash at hand and bank account balances.

All highly liquid investments with an original maturity of three months or less at date of purchase are considered to be cash equivalents.

In the statement of cash flows, cash and cash equivalents include cash at hand, cash balances with banks, other short-term highly liquid investments with original maturity of three months or less and bank overdrafts.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in profit and loss.

(ii) Decommissioning liability

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas properties to the extent that it was incurred by the development/construction of the field.

Changes in the estimated timing of decommissioning or changes to the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas properties.

Any reduction in the decommissioning liability and, therefore, any deduction from the ‘Oil and gas properties’ to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is immediately taken to profit and loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the estimate for the revised value of oil and gas properties net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit and loss as a finance/accretion cost. The corresponding charge on the asset is amortised using the UoP-method.

The Group recognises a deferred tax asset in respect of the temporary difference on the decommissioning liability and a corresponding deferred tax liability in respect of the temporary difference on the decommissioning asset.

(iii) Environmental expenditures and liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognised is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognised is the present value of the estimated future expenditure.

(iv) Restructuring provisions

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Historically, restructuring provisions mainly comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Dividend distribution

Dividend distribution to the Group's members is recognised as a liability in the special purpose consolidated financial statements in the year in which the dividends are approved by the members.

Consolidated statement of cash flows

The special purpose consolidated statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are translated at average exchange rates. Exchange rate differences affecting cash items are shown separately in the statement of cash flows. Receipts and payments with respect to taxation on profits are included in the cash flow from operating activities. Interest payments are included in cash flows from operating activities while interest receipts are included in cash flows from investing activities. Cash flows from derivatives, if any, are recognised in the statement of cash flows in the same category as those of the hedged item.

Operating segment information

The Group is exempted from presenting financial information on its reportable segments under the requirements of IFRS 8 '*Operating segments*'.

5 Revenue

Revenue represents the value of the Group's share of crude oil and natural gas produced in Nigeria, with any excess or deficit of crude oil sold over its entitlement share of production recognised in 'Cost of sales'.

	2022	2021
	USD 1,000	USD 1,000
Crude oil revenue	1,255,349	1,006,957
Gas revenue	40,680	98,700
Crude oil PPT	109,563	83,835
Royalties	40,745	30,818
Total revenue from contracts with customers	**1,446,337**	**1,220,310**

The Group's crude oil production entitlements in barrels is adjusted for non-cash royalties charged on its share of production from OML 127 in the equivalent of USD 40.7 million (2021: USD 30.8 million). Also refer to note 6 to these special purpose consolidated financial statements.

In 2022, out of total revenue from contracts with customers amounting to USD 1,446 million (2021: USD 1,220 million), an amount of USD 1,255 million (2021: USD 1,007 million) relates to the Group's sales of crude oil to customers pursuant to contracts by which the price of crude oil is based on forward sales contracts. Under the conditions of the PXF agreement, in total 90% of the Group's cargos is to be delivered to one of the lenders.

With effect from July 2018, sellers Sapetro, Tupni and Prime 130 sell their 50% interest of gas available in commercial quantity from OML 130 to the joint-venture of NNPC (60%) and TEPNG (40%) pursuant to the OML 130 PSA Gas Sale and Purchase Agreement ('GSPA'). Total OML 130 PSA gas exported over the year amounts to 73.5 mmbtu (2021: 263.19 mmbtu), on which Prime 130's entitlement share is 32%, or 23.52 mmbtu representing a sales value of USD 41 million. Upon the signing of the GSAP in prior year, the Group at that time recognised its past and present entitlement on the natural gas sold of 84.22 mmbtu, representing a sales value of USD 99 million.

According to the production-sharing agreements ('PSAs'), the share of the profit oil ('PPT') to which the Nigerian government is entitled in any calendar year in accordance with the PSA, is deemed to include a portion representing the corporate income tax imposed upon and due by the Group. As the tax oil lifted by the operator on behalf of the Group is sold to 3rd party customers and proceeds are used to settle the Group's tax liabilities, this share of PPT is considered to be within the scope of IFRS 15. Consequently, this portion of income tax and revenue is presented gross in the income statement.

Obligations arising from royalty arrangements and other types of taxes that do not satisfy the criteria of IAS 12 'Income Taxes' are accrued and included in 'Cost of sales'. The equivalent amount of royalties is also presented in revenues to differentiate between the portion of revenue lifted by the operator on behalf of the Group to settle the Group's royalty liabilities and the associated royalties as part of 'Cost of sales'.

The Group's revenue from underlift is the revenue recognised on the right to receive additional oil from future production without the obligation to fund the production of that additional oil. The Group considers underlift transactions outside the scope of IFRS 15 as the counterparty to the transactions does not meet the definition of a customer and the Group has not received output from the joint operation beyond sales made by it to its customers. Consequently, underlift balances are recorded as a receivable from partners, within 'Trade and other receivables', with a corresponding credit to 'Cost of sales'. Also refer to note 6 to these special purpose consolidated financial statements.

6 Cost of sales

	2022	2021
	USD 1,000	USD 1,000
Production costs	154,127	165,077
Royalties	92,683	105,674
Cost from overlift	8,056	8,702
Cost/(income) from underlift	38,757	(40,784)
Depreciation	262,745	303,387
Total cost of sales	**556,368**	**542,056**

Production costs mainly relate to lifting costs from personnel, material and services from 3rd parties.

Obligations arising from royalty arrangements are considered not to satisfy the criteria of IAS 12 *'Income Taxes'* as the royalties charged are imposed under government authority and the amount payable is based on physical quantities produced rather than taxable income. Royalties have been charged on the Agbami field in the amount of USD 41 million (2021: USD 31 million) and on the Akpo field in the amount of USD 52 million (2021: USD 75 million), out of which USD 1 million (2021: USD 5 million) relates to royalties charged on natural gas. In prior year, the royalties on oil and gas from the Akpo field were initially not accrued as it was uncertain whether these applied under the former fiscal regime in Nigeria. With the enactment of the Petroleum Industry Act on 16 August 2021, these uncertainties have been resolved.

The excess of crude oil purchased during the year over its entitlement share of production is recognised by the Group (acting as overlifter) as a liability in Trade and other payables with a corresponding charge to 'Cost of sales'. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production. The cost from overlift in the amount of USD 8 million concerns the negative net impact on income from the recognition of overlift payables of USD 17 million per balance sheet date, partially offset by the reversal of prior year overlift balances amounting to USD 9 million. Also refer to note 25 to these special purpose consolidated financial statements.

The cost from underlift in the amount of USD 39 million concerns the negative net impact on income from the reversal of prior year underlift balances amounting to USD 84 million, partially offset by the recognition of underlift receivables of USD 45 million per balance sheet date. Also refer to note 17 to these special purpose consolidated financial statements.

Depreciation relates to the Group's oil production assets in Nigeria.

Total depreciation in 2022 amounted to USD 262,865 thousand (2021: USD 303,507 thousand), of which USD 262,745 thousand (2021: USD 303,387 thousand) related to the Group's oil production assets in Nigeria and USD 120 thousand (2021: USD 120 thousand) to other asset categories. These latter expenses are included in 'Other operating expenses' (also refer to note 10 to these special purpose consolidated financial statements).

7 Other operating income

	2022 USD 1,000	2021 USD 1,000
Investment tax credits utilised	112,280	355,393
Other operating income	530	197
Total other operating income	**112,810**	**355,590**

For some of its qualifying capital expenditure ('QCE'), the Group is entitled to claim an investment tax credit ('ITC') at the rate of 50% of the QCE incurred, either wholly or exclusively or necessarily for the purposes of its petroleum operations. This is a government tax credit which can be offset with Petroleum Profit Tax ('PPT') and serves as an incentive for investments in the exploration of oil and gas in the deep offshore waters of Nigeria.

The Group recognised investment tax credits of USD 112 million (2021: USD 355 million) as 'Other operating income'.

The movement in the Group's available investment tax credits is as follows:

	2022 USD 1,000	2021 USD 1,000
At 1 January	104,382	453,720
Investment tax credits generated	7,898	6,055
Investment tax credits utilised	(112,280)	(355,393)
At 31 December	**-**	**104,382**

As at 31 December 2022, the Group has available USD nil million (2021: USD 104 million) of unclaimed investment tax credits carry forward.

There were no unfulfilled conditions or contingencies during the year.

8 Exploration expenses

	2022 USD 1,000	2021 USD 1,000
Other exploration expenses	2,687	3,887
Total exploration expenses	**2,687**	**3,887**

Other exploration expenses in 2022, amounting to USD 3 million (2021: USD 4 million), relate to the Group's exploration activities in Nigeria and do not include costs for dry wells.

Exploration expenses were mainly paid to operators, through cash calls, for seismic and other exploratory expenses.

9 Impairment charges oil and gas properties

	2022 USD 1,000	2021 USD 1,000
Impairment charges - Oil and gas properties	82,325	-
Total impairment charges	**82,325**	**-**

Impairments related to the Prime 130 oil production assets in Nigeria amounted to USD 82,325 thousand (2021: nil) and were mainly caused by the impact on investment plans and asset valuations from a delay in the infill drilling program due to late arrival of a drilling rig and a reduction in the expected recovery of the Egina field. Also refer to note 13 to these special purpose consolidated financial statements.

10 Other operating expenses

	2022 USD 1,000	2021 USD 1,000
Staff cost	7,392	10,716
NDDC Levy	5,885	8,086
Sales expenses	2,959	1,447
Other operating expenses	14,589	8,131
Total other operating expenses	**30,825**	**28,380**

NDDC Levy concerns Niger Delta Development Commission imposed by a regulatory body in Nigeria to fund the sustainable development of the Niger Delta region.

Staff cost

	2022 USD 1,000	2021 USD 1,000
Wages and salaries	5,217	9,202
Pension costs - defined benefit plan	929	99
Other employee benefits	1,246	1,415
Total staff costs	**7,392**	**10,716**

Staff costs include an amount of USD 3,348 thousand for remuneration of the Board of Directors (2021: USD 4,559 thousand). An amount of USD 3,198 thousand (2021: USD 2,854 thousand) relates to short-term benefits and USD 150 thousand (2021: USD 1,705 thousand) to other long-term benefits.

The Supervisory Board members of the Group did not receive any remuneration during the year (2021: USD nil).

	2022	2021
	Number	Number
Administration, HR and IT	4	5
Finance & Commercial	7	7
Legal	3	3
Management	2	2
Technical & Assets	11	11
Average number of employees	**27**	**28**

During the year 2022, the Group's average number of employees calculated on a full-time-equivalent basis amounted to 27 (2021: 28).

In 2022, 16 employees were employed in The Netherlands (2021: 17).

11 Finance income and finance costs

The composition of the Group's finance result is as follows:

	2022	2021
	USD 1,000	USD 1,000
Interest income	6,264	417
Other financial income	227	1
Total finance income	**6,491**	**418**
Interest expense	(56,313)	(46,048)
Accretion expense	(14,210)	(15,375)
Other finance costs	(4,121)	(38,957)
Total finance costs	**(74,644)**	**(100,380)**
Net finance costs	**(68,153)**	**(99,962)**

Interest income relates to income recognised on the Group's bank balances and deposits of USD 6.3 million (2021: USD 0.5 million).

Interest expense over 2022 amounting to USD 56 million (2021: USD 46 million) relates to interest incurred on the RBL facility in the amount of USD 40 million (2021: USD 45 million) and interest incurred on the PXF facility in the amount of USD 16 million (2021: USD 1 million). The aggregated principal balances of the facilities per year-end amount to respectively USD 501 million (2021: USD 867 million) and USD 281 million (2021: USD 150 million). Also refer to note 21 of these special purpose consolidated financial statements.

Accretion expense of USD 14 million (2021: USD 15 million) represents the periodic increase of the discounted present value of the decommissioning provision in Nigeria, based on a discount rate that reflects current market assessments and the risks specific to the liability.

Other finance costs mainly relate to amortisation expense on the capitalised transaction fees of the amended RBL facility amounting to USD 3 million (2021: USD 7 million) and PXF commitment fees of USD 0.6 million (2021: USD 0.2 million). In prior year, Other finance costs mainly related to losses recognised on the settlement of fixed oil price swaps of USD 31 million.

12 Income tax expense

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022	2021
	USD 1,000	USD 1,000
Corporate income tax		
Income tax Nigeria	11,336	27,578
Deferred tax (see below)	-	38,097
Total corporate income tax	**11,336**	**65,675**
Other current tax		
Petroleum Profits Tax (PPT)	590,006	439,228
Education tax	41,684	27,728
Withholding tax on dividends	33,750	-
	665,440	**466,956**
Total current tax	**676,776**	**494,534**
Deferred tax (see below)	(157,399)	(72,601)
Total tax expense in statement of profit or loss and OCI	**519,377**	**460,030**

Income taxes differ from the amount calculated by multiplying the Dutch statutory corporate income tax rate by the profit before income taxes. This is mainly due to the current rate of Petroleum Profits Tax in Nigeria amounting to 50% for companies operating under Production Sharing Contracts with the Nigerian National Petroleum Corporation.

The effective income tax rate was 63% (2021: 51%). In 2022, the statutory income tax rate in The Netherlands was 25.8% (2021: 25%).

Current tax assets and liabilities

The current tax liability as at 31 December 2022 in the amount of USD 172 million (year-end 2021: USD 28 million), relates to Petroleum Profits Tax payable of USD 119 million (year-end 2021: nil), Education tax payable of USD 42 million (year-end 2021: USD 28 million) and USD 11 million (year-end 2021: USD 28 million) Corporate income tax payable on the Group's natural gas recognised in Nigeria from OML 130 at a tax rate of 30% (2021: 30%). Also refer to note 26 to these special purpose consolidated financial statements.

Deferred tax assets

The Group has USD 1,259 million (2021: USD 988 million) of tax losses carried forward that are indefinitely available for offsetting against future taxable profits. These losses have been incurred mainly from the impairment on license acquisition costs and dry wells in Angola, Benin, Gabon and Namibia, and have been claimed for the years in which the branches ceased operations.

At year-end 2022, resulting from the absence of projected taxable profits in the near foreseeable future, the Company did not recognise a deferred tax asset (2021: USD nil).

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

In its assessment of the Company's future taxable profits over the period of loss carry-forward, management considered both favourable and unfavourable evidence. The focal point in the assessment has been the projected tax losses on concluded forward contracts and further repayments on the long-term intercompany financing contracts between the Company and its Nigerian subsidiaries, thereby reducing interest income. These are considered the most objective evidence in assuming future profitability when assessing the extent to which a deferred tax asset on the Company's cessation losses can be recognised.

On this basis, the Group determined that it currently cannot recognise deferred tax assets on the tax losses carried forward.

Deferred tax liabilities

Deferred tax liabilities are recognised for the timing difference of depreciation on the Group's Nigerian assets for tax purposes (accelerated) compared to accounting purposes.

Of the deferred tax liabilities as at 31 December 2022 of USD 1,055 million (2021: USD 1,213 million), USD 78 million (2021: USD 73 million) is expected to be recovered within 12 months.

	31 December 2022 USD 1,000	**31 December 2021** USD 1,000
Deferred tax liabilities		
- Deferred tax liabilities to be recovered within 12 months	78,272	73,175
- Deferred tax liabilities to be recovered after more than 12 months	977,005	1,139,501
Total deferred tax liabilities	**1,055,277**	**1,212,676**

The pre-netting movement on the deferred income tax account is as follows:

	2022 USD 1,000	**2021** USD 1,000
Deferred tax assets at 1 January	-	38,097
Income statement charge	-	(38,097)
Deferred tax assets at 31 December	**-**	**-**
Deferred tax liabilities at 1 January	1,212,676	1,285,277
Income statement credit	(157,399)	(72,601)
Deferred tax liabilities at 31 December	**1,055,277**	**1,212,676**
Net credit over the year	**(157,399)**	**(34,504)**

In prior year, the total decrease in deferred tax assets by USD 38 million mainly resulted from a decrease in projected taxable profits in relation to the Company's forward contracts on oil sales.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

At the level of the Company, there are no income tax consequences attached to the payment of dividends to its members.

13 Oil and gas properties

The composition of and movement in each of the Group's oil and gas asset classes is as follows:

	Asset Retirement Obligation (ARO)	Producing assets under development	Oil and gas producing assets	Oil and gas properties - total
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Net book values				
At 31 December 2021				
Cost	192,976	12,231	6,508,480	6,713,687
Accumulated depreciation and impairment	(159,929)	-	(3,796,212)	(3,956,141)
Net book value at 31 December 2021	**33,047**	**12,231**	**2,712,268**	**2,757,546**
At 31 December 2022				
Cost	384,065	13,389	6,448,771	6,846,225
Accumulated depreciation and impairment	(162,536)	-	(4,138,675)	(4,301,211)
Net book value at 31 December 2022	**221,529**	**13,389**	**2,310,096**	**2,545,014**
Reconciliation of net book values				
For the year ended 31 December 2021				
At 1 January 2021	95,174	10,686	2,953,898	3,059,758
Additions	-	1,545	48,976	50,521
Revision of decommissioning provision	(49,346)	-	-	(49,346)
Depreciation for the year	(12,781)	-	(290,606)	(303,387)
Net book value at 31 December 2021	**33,047**	**12,231**	**2,712,268**	**2,757,546**
For the year ended 31 December 2022				
At 1 January 2022	33,047	12,231	2,712,268	2,757,546
Additions	-	1,158	46,609	47,767
Revision of decommissioning provision	191,089	-	(106,318)	84,771
Depreciation for the year	(2,607)	-	(260,138)	(262,745)
Impairment charges	-	-	(82,325)	(82,325)
Net book value at 31 December 2022	**221,529**	**13,389**	**2,310,096**	**2,545,014**

The Group's additions to development and production assets, before adjustments from movements in the decommissioning provisions, of USD 48 million (2021: USD 50 million) relate for USD 11 million (2021: USD 6 million) to the Agbami field (oil producing), for USD 16 million (2021: USD 30 million) to the Akpo field (oil producing), for USD 20 million (2021: USD 13 million) to the Egina field (oil producing) and for USD 1 million (2021: USD 1 million) to the Preowei development field.

Total adjustments from revisions of decommissioning provisions on oil and gas properties, resulting from periodic re-assessment of variables such as projected decommissioning cost per well, discount rates and economic lives of the fields, amounted to net USD 85 million (2021: negative USD 49 million). Also refer to note 22 to these special purpose consolidated financial statements.

The total number of development wells in each of the Agbami, Akpo and Egina fields amounts to respectively 45,54 and 38.

Depreciation expense of USD 263 million (2021: USD 303 million) has been charged to 'Cost of sales'. Any impairment losses and subsequent reversals are presented in a single line item in profit and loss.. Oil and gas production assets are depreciated on a units-of-production basis at a rate calculated by reference to total proved and probable oil and gas reserves ('2P') as determined by reputable independent petroleum engineers. Facilities included in oil and gas production assets are depreciated on a straight-line basis over the economic useful life of the fields, which range from

2033 to 2042, when the producing oil and gas properties are expected to cease operations. These estimated economic cut-off dates have been used in the computation of depreciation, depletion and amortization as well as the decommissioning liabilities. The expiry dates of the OML 127 and OML 130 concessions are December 2024 and March 2025. However, management is confident that the OMLs will be renewed in accordance with industry practice.

In the financial year, impairment losses in the amount of USD 82 million have been recognised (2021: nil) on the Group's value in use of the Prime 130 oil production assets in Nigeria. These losses mainly resulted from the effect on the Group's investment plans and asset valuations from a delay in the infill drilling program due to late arrival of a drilling rig and a reduction in the expected recovery of the Egina field. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate of 10.74% for the OML 127 field and the OML 130 fields.

Future oil price level is a key assumption and has significant impact on the net present value. Forecasted oil and gas prices are based on management's estimates and available market data. Information about market prices in the near future can be derived from the futures contract market. The information about future prices is less reliable on a long-term basis, as there are fewer observable market transactions going forward. In the impairment test, oil prices for the period up to 2033 are based on Brent prices as forecasted by Independent Qualified Reserve Engineers (IQRE) Analysis, ranging from USD 81/bbl to USD 93/bbl, and on management's long-term price assumptions thereafter (USD 60/bbl). Future capex, opex and abandonment cost are calculated based on the expected production profiles and the best estimate of the related cost. The long-term inflation rate is assumed to be 2.5 percent.

The Group considers the Agbami field (OML 127) as a CGU and the Akpo and Egina field combined (OML 130) as a CGU. The Akpo and Egina field combined are considered as one CGU resulting from the cost recovery mechanism between these fields. As the Group has government approval for cost recovery in the block where both fields are located, this implies that costs incurred on the development of Egina are being recovered from the production of Akpo. The Group therefore considers these fields combined for impairment testing and tax purposes.

A change in the long-term oil price by USD 5/bbl would impact the impairment recognised by approximately USD 100 million.

A change in the post-tax discount rate by 1% would impact the impairment recognised by approximately USD 70 million.

As these illustrative impairment sensitivities assume no changes to other input factors, a further price reduction and/or increase of post-tax discount rate is likely to result in changes in business plans as well as other factors used when estimating an asset's recoverable amount. Changes in such input factors would likely significantly change the actual impairment amount compared to the illustrative sensitivities above.

In the net book value of oil and gas properties, no amount of capitalised borrowing costs is included.

Under the conditions of the RBL and PXF facility, the production assets of the Nigerian entities Prime 127 and Prime 130 are secured. Also refer to note 30 to these special purpose consolidated financial statements.

14 Other property, plant and equipment

The movement in the Group's other property, plant and equipment is as follows:

	Plant and equipment	Buildings and improvement	Total
	USD 1,000	USD 1,000	USD 1,000
At 31 December 2021			
Cost	113	487	600
Accumulated depreciation	(54)	(235)	(289)
Net book value at 31 December 2021	**59**	**252**	**311**
At 31 December 2022			
Cost	113	487	600
Accumulated depreciation	(110)	(299)	(409)
Net book value at 31 December 2022	**3**	**188**	**191**
Reconciliation of net book values			
For the year ended 31 December 2021			
At 1 January 2021	81	350	431
Depreciation for the year	(22)	(98)	(120)
Net book value at 31 December 2021	**59**	**252**	**311**
For the year ended 31 December 2022			
At 1 January 2022	59	252	311
Depreciation for the year	(56)	(64)	(120)
Net book value at 31 December 2022	**3**	**188**	**191**

Plant and equipment amounting to USD 3 thousand (2021: USD 59 thousand) mainly relates to IT and other equipment in the Company's office in The Netherlands.

In 2022 and 2021, no impairments have been recognised.

Buildings and improvement amounting to USD 188 thousand (2021: USD 252 thousand) relate to the capitalised refurbishment expenditure of the leased office in The Netherlands.

At 31 December 2022 and 2021, none of the Group's other property, plant and equipment were subject to a registered debenture or other form of security.

15 Other receivables

The composition of the Group's non-current other receivables is as follows:

	31 December 2022	31 December 2021
	USD 1,000	USD 1,000
Loans to employees	426	343
Total other receivables	**426**	**343**

Loans to employees presented are due within one to five years and do not bear interest. The part of the loans that fall due within one year after balance sheet, in the amount of USD 0.2 million (2021: USD 0.2 million), are presented as 'Other receivables' in note 17 to these special purpose consolidated financial statements.

16 Inventories

The composition of the Group's inventories is as follows:

	31 December 2022 USD 1,000	31 December 2021 USD 1,000
Materials and supplies	95,102	86,913
Total inventories	**95,102**	**86,913**

Materials and supplies mainly concern goods to be used in the oil production process in Nigeria. Write-downs and reversals, if any, are included in note 10 'Other operating expenses'.

During 2022, there were no inventories written down to net realisable value (2021: USD nil).

17 Trade and other receivables

The composition of the Group's trade and other receivables is as follows:

	31 December 2022 USD 1,000	31 December 2021 USD 1,000
Trade receivables	86,878	164,301
Crude oil underlift	45,181	83,938
Short-term receivables with partners, net	74,114	34,032
Other receivables	292	280
Total trade and other receivables	**206,465**	**282,551**

Trade receivables amounting to USD 87 million (2021: USD 164 million) mainly concerns the USD 81 million receivable (2021: USD 65 million) from the sale of one Egina cargo by the Company in December 2022 for which cash was received in January 2023. The balance further includes USD 6 million (2021: USD 99 million) receivable from the joint-venture of NNPC (60%) and TEPNG (40%) pursuant to the OML 130 PSA Gas Sale and Purchase Agreement ('GSPA'). The Group's proceeds from the oil cargos sold are secured under the conditions of the RBL and PXF facility. Also refer to note 30 to these special purpose consolidated financial statements.

The excess of crude oil sold during the year over the Group's ownership share of production is recognised as crude oil underlift within 'Trade and other receivables', with a corresponding credit to 'Cost of sales' (also refer to note 6 to these special purpose consolidated financial statements).

The short-term receivables with partners as at 31 December 2022 and 2021 mainly relate to the Group's share in the receivables of its joint operations in Nigeria.

All receivables are due within one year and no provision for expected credit losses has been recognised (2021: nil).

Information about the Group’s exposure to credit and currency risks is included in note 27 to these special purpose consolidated financial statements.

18 Prepayments and recoverable taxes

The composition of the Group’s prepayments and recoverable taxes is as follows:

	31 December 2022 USD 1,000	**31 December 2021** USD 1,000
Prepaid expenses	81	134
Recoverable taxes	199	293
Total prepayments and recoverable taxes	**280**	**427**

Prepaid expenses relate to advance payments in Nigeria (2021: Nigeria).

Recoverable taxes relate to recoverable VAT amounting to USD 0.2 million (2021: USD 0.3 million) from The Netherlands’ tax authorities. In prior year, recoverable taxes related to The Netherlands and Tanzania.

19 Cash and cash equivalents

The composition of the Group’s cash and cash equivalents is as follows:

	31 December 2022 USD 1,000	**31 December 2021** USD 1,000
Cash at bank and in hand	63,480	196,578
Deposits with banks	268,215	321,300
Total cash and cash equivalents	**331,695**	**517,878**

Cash and cash equivalents include cash at hand, bank account balances and deposits. The majority of the Group’s cash and cash equivalents is denominated in US Dollar. Minor balances are held in Euro and Nigerian Naira (NGN). All highly liquid investments with an original maturity of three months or less at date of purchase are considered to be cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is equal to the nominal value.

The Group only deposits cash surpluses with major banks of high-quality credit standing. Also refer to note 27 to these special purpose consolidated financial statements.

Under the conditions of the RBL and PXF facilities (also refer to note 21 to these special purpose consolidated financial statements), the Group provided security over the cash and cash equivalents amounting to USD 331 million that are held within the so-called project accounts in Nigeria and the Netherlands.

20 Equity

Consolidated members' equity consists of equity attributable to the members of Prime Oil & Gas Coöperatief U.A. of USD 384,337 thousand (2021: USD 584,925 thousand).

Equity attributable to the members consists of the following items:

Membership equity interest

As at 31 December 2022, the membership equity interest of sole members BTG (50%) and Petrovida (50%) amounts in total to USD 526,210 thousand (2021: USD 526,210 thousand).

On 17 December 2020, the Company's legal form as Dutch private company with limited liability was converted to a Dutch cooperative with excluded liability, where its shareholders became the members of the Company. The Company's legal entity, including its trade registration number, as well as the economic interests and voting rights in the capital of the cooperative did not change resulting from the conversion.

In accordance with the Articles of Association, each member has the right to withdraw amounts from its membership account, subject to the prior approval of the General Meeting. Such withdrawal or other distribution out of the membership account to a member, can never lead to a negative balance of the respective membership account and can only be done to the extent that the amount of the net assets exceeds the statutory reserves. In the event that a membership of a member terminates, the Company will transfer the positive balance on the respective membership account to the former member.

In accordance with the Member Agreement, the members shall be under no obligation to provide funds to the Company or its subsidiaries by way of debt or equity.

Accumulated OCI

Any gains or losses arising from changes in the fair value of the Group's fixed price oil swaps designated as cash flow hedges, are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in accumulated and later reclassified to profit or loss when the hedged item affects profit or loss.

(Accumulated losses)/retained earnings

As at 31 December 2022, accumulated losses amount to USD 141,873 thousand (2021: retained earnings of USD 17,130 thousand).

Over 2022, retained earnings of USD 17,130 thousand decreased by USD 159,003 thousand to accumulated losses of USD 141,873 thousand. This decrease resulted from the distributions to members of USD 200,588 thousand from retained earnings, partially offset by the appropriation of the 2021 unappropriated result of USD 41,585 thousand to retained earnings.

In March 2022, the Company made distributions to its members of USD 200 million, followed by distributions of USD 50 million in May, USD 75 million in June, USD 100 million in September and USD 75 million in October. These distributions of USD 500 million in total have been allocated in accordance with the respective members' economic interests held (50/50). No further subsequent distributions have been made as to date.

In prior year June and July, the Company made distributions to its members of USD 75 million at a time, followed by a distribution of USD 150 million in September and a distribution of USD 100 million in November. These distributions of USD 400 million in total have been allocated in accordance with the respective members' economic interests then held (50/50).

Unappropriated result

At the General Meeting, it will be proposed to appropriate the profit of USD 299,412 thousand to accumulated losses.

21 Loans and borrowings

The movement and composition of the Group's loans and borrowings is as follows:

	2022	**2021**
	USD 1,000	USD 1,000
Reserve Based Lending principal - 1st January	866,789	1,302,807
Repayments during the year	(365,725)	(436,018)
RBL principal - 31st December	**501,064**	**866,789**
(-) Capitalised transaction costs	(1,653)	(4,835)
RBL amortised cost value - 31st December	**499,411**	**861,954**
(-) Reserve Based Lending principal - current	380,658	514,396
(+) Capitalised transaction costs - current	(1,469)	(3,434)
RBL book value 31st December - current	**379,189**	**510,962**
RBL book value 31st December - non-current	**120,222**	**350,992**
Pre-export Financing principal - 1st January	150,000	-
Drawdowns during the year	150,000	150,000
Repayments during the year	(18,750)	-
PXF principal - 31st December	**281,250**	**150,000**
PXF amortised cost value - 31st December	**281,250**	**150,000**
PXF book value 31st December - current	**41,250**	**9,375**
PXF book value 31st December - non-current	**240,000**	**140,625**
Total loans and borrowings - current	**420,439**	**520,337**
Total loans and borrowings - non-current	**360,222**	**491,617**

On 18 July 2014, the Company signed a seven years Reserve Based Lending ('RBL') with a consortium of banks to fund the capital expenditure requirements of the Group's assets in Nigeria. The conditions of this non-recourse loan are based on the expected present value of future production from the respective Nigerian fields, taking account of factors such as the expected level of reserves, oil price, discount rate, operational and capital expenditure, tax and any future price hedging employed. In November 2018, the RBL facility agreement was amended (hereafter "amended RBL facility") to extend the grace period by 2 years, the final maturity date to mid-2024 and to increase the facility to up to USD 2,000 million – on which the Company obtained underwriting commitments from the lending institutions in the amount of USD 1,825 million. Natixis S.A. is the acting facility agent.

The principal bears interest at Libor + 3.75% for the years 2018 - 2022, starting 6 December 2018, and Libor + 4.00% for the years 2023 - 2024. Repayment of the amended RBL facility occurs in quarterly instalments over a period of 4 year, starting in the second quarter of 2020 and ending in the second quarter of 2024. In 2022, the Company repaid USD 366 million (2021: USD 436 million) on the amended RBL facility, resulting in a remaining principal balance of USD 501 million per year-end 2022 (year-end 2021: USD 867 million).

Capitalised transaction costs relate to transaction fees incurred in connection with the signing of the (amended) RBL facility and have been capitalised to the extent that it is probable that some or all of the facility will be drawn down. These transaction fees are amortised over the period of the facility to which it relates and are charged to the income statement as 'Other finance cost' (also refer to note 11 to these special purpose consolidated financial statements).

As the Group recognises its loans and borrowings from third parties net of transaction costs incurred, the carrying value of the capitalised transaction cost has been netted on the principal amount of loans and borrowings.

At the end of 2021, the Company signed a PXF ('Pre-export financing') agreement ("PXF facility"), where Africa Finance Corporation and Shell Western Supply and Trading Limited provided loan commitments in the total amount of USD 300 million. Africa Finance Corporation is the acting facility agent. The loan has a tenor of 7 years with repayment of principal starting 30 September 2022 (6.25%) and thereafter each six months on 31 March 2023 (6.25%), 30 September 2023 (7.5%), 31 March 2024 (7.5%) and 30 September 2024 to 31 March 2027 (10%) and 30 September 2027 to 30 September 2028 (4.17%). The principal bears interest at Libor + 4.25% for the years one to four and Libor + 4.50% for the years five to seven; interest repayment also occurs each six months. For the unused portion of the PXF facility, the charge is 40% of the applicable margin per annum.

The Company has drawn USD 300 million in total under the PXF facility. At least 80% of each drawdown is required for immediate repayment of amounts due and payable under the RBL facility. Further, no more than 20% of the amounts borrowed by the Company shall be applied towards financing the general corporate purposes of the Company and its subsidiaries. Under the conditions of the agreement, in total 90% of the Group's cargos is to be delivered to one of the lenders.

Over 2022, the Group incurred an amount of USD 43 million as finance costs under the RBL facility (2021: USD 52 million), of which USD 40 million related to interest expenses over the remaining principal (2021: USD 45 million) and USD 3 million as amortisation expense on the capitalised transaction costs (2021: USD 7 million). Under the PXF facility, the Group incurred an amount of USD 17 million as finance costs (2021: USD 2 million), of which USD 16 million related to interest expenses over the principal (2021: USD 1 million), USD nil million to transaction fees and USD 0.6 million to commitment fees payable (2021: respectively USD 0.8 million and USD 0.2 million). Also refer to note 11 to these special purpose consolidated financial statements.

Under the conditions of the amended RBL facility, the main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities Prime 127 and Prime 130, cash and cash equivalents in the amount of USD 331 million as per 31 December 2022 that are held within the projects accounts in Nigeria and The Netherlands, proceeds from the oil cargos sold and proceeds from the intercompany loans between the Company and the Nigerian entities. Further, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured. The security package of the PXF facility is second ranking on the RBL security package. Also refer to notes 13, 17 and 19 to these special purpose consolidated financial statements.

The conditions of this non-recourse facility are based on the expected present value of future production from the respective Nigerian oil fields, taking account of factors such as the level of reserves, discount rate, the lenders' assumptions for operational and capital expenditure and expected oil price, including any future price hedging employed by the Company.

The Group's capital management is subject to the following main constraints imposed by the financial covenants of the consortium of banks providing the amended RBL facility and PXF facility:

- quarterly, total net debt to Ebitdax is not above 3.0, and
- quarterly, the 12 month historical Debt Service Coverage Ratio is not below 1.20, and
- quarterly, the Group Liquidity Test demonstrates that there are, or will be, sufficient funds available to the Group to meet all of its expenditure for the successive 12 months, and
- quarterly, the Development Asset Liquidity Test demonstrates that at any time during the development period of an asset, all available cash and projected cash flows for the period exceed the projected development cost and debt commitments in respect of this development period.

As a result of an event of default, debt would become due and payable prior to its specified maturity. However, a breach of the covenants is considered remedied, when it is remedied to the satisfaction of the consortium of banks within 90 days after the quarter in which the breach occurred.

No events of default or breaches of financial covenants occurred at the end of or during the year.

In December 2022, the Company negotiated the terms of a refinancing related to the amended RBL and PXF facility, which consists of a new RBL facility agreement of up to USD 2,000 million – on which the Company obtained underwriting commitments from lending institutions in the amount of USD 1,050 million. One of the main conditions precedent prior to closing of this refinancing agreement is the renewal of the OML 130 license, which is yet to occur. The principal bears interest at Term SOFR + 4.00% for the years 2023 - 2024, starting as of the closing date, Term SOFR + 4.25% for the years 2025 – 2026 and Term SOFR + 4.50% for the years 2027-2028. Repayment of the facility occurs in semi-annual instalments over a period of 6 years, starting 31 December 2024, so that the outstanding balance of the facility will not exceed the lower of the borrowing base amount and the total commitments.

22 Decommissioning liabilities

The movement of the Group’s decommissioning liabilities is as follows:

	2022	**2021**
	USD 1,000	USD 1,000
At 1 January	229,119	263,090
Revision recorded as 'Oil and gas properties'	84,771	(49,346)
Accretion expense	14,210	15,375
At 31 December	**328,100**	**229,119**

The Group makes full provision for the future cost of decommissioning oil production facilities and pipelines, on a discounted basis, on the installation of those facilities.

The decommissioning provision represents the present value of decommissioning costs relating to the Group’s oil and gas properties, which are expected to be incurred up to the economic cut-off dates of the Agbami, Akpo and Egina fields, ranging from 2033 to 2042, which is when the producing oil and gas properties are expected to cease operations. These provisions have been calculated based on the cash flow estimates as provided by the operators of the fields.

The decommissioning liabilities per field are as follows:

	2022	2021
	USD 1,000	USD 1,000
Agbami	69,532	29,748
Akpo	162,048	138,336
Egina	96,520	61,035
	328,100	**229,119**

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

In the financial year, the Group revised its provision for decommissioning liabilities upwards by USD 85 million (2021: downwards by USD 49 million), resulting from periodic re-assessment of variables such as projected decommissioning cost per well, discount rates and economic lives of the fields. This revision has also been adjusted on ‘Oil and gas properties’. Refer to note 13 to these special purpose consolidated financial statements.

Accretion expense relates to the periodic increase of the discounted present value of the decommissioning provision is included in finance cost. The discount rate used in the calculation of the provision as at 31 December 2022 ranges from 3.88% to 4.14% (2021: 6.63% to 8.48%), depending on the economic cut-off date of the respective field.

23 Other provisions

Through its ownership in OML 127 in Nigeria, Prime 127 has been a party to a tract participation redetermination process for the Agbami field. The final technical procedure to adjust the tract participation that the OPL 216 and OPL 217 licenses have in the Agbami field was completed in October 2015 with the issuance of the expert decision.

In June 2021, Prime 127 signed a Securitization Agreement with Equinor and Chevron, whereby Equinor agreed to pay a security deposit to the two other partners to secure future payments due under that Securitization Agreement, pending a comprehensive resolution being reached among all unit parties in respect of the tract participation in the Agbami field. In accordance with this agreement, in the same month, Prime 127 received from Equinor its portion of the security deposit in the form of a cash payment of USD 305 million.

A provision for the full cash payment has been recorded by the Group to reflect the mechanism pursuant to which any such imbalance payments due from Equinor to Prime 127 under the terms of any future agreement among the Agbami parties will be set-off against this security deposit. The parties will continue ongoing discussions in an attempt to seek final resolution of the formal redetermination of the Agbami tract participation.

24 Employee benefits

The composition of the Group's non-current employee benefits is as follows:

	31 December 2022 USD 1,000	31 December 2021 USD 1,000
Balance sheet obligations for:		
- Retirement benefits	3,630	4,069
- Other employee benefits	425	3,100
Liability in the balance sheet	**4,055**	**7,169**

The Group only provides pension plans to its local Nigerian employees. The Group did not grant any share-based payment awards to its board members and employees. No contributions have been made to defined contributions pension plans for key management personnel.

The charges for retirement benefits included in 'Other operating expenses' are as follows:

	2022 USD 1,000	2021 USD 1,000
Retirement benefits:		
- Current service cost	273	307
- Interest cost	473	277
- F/X gain/(loss) on revaluation (included in 'Other finance income/cost')	183	(487)
Total pension charges	**929**	**97**

The movement in the retirement benefit obligation is as follows:

	2022 USD 1,000	2021 USD 1,000
At 1 January	4,069	4,097
Benefit paid	(1,368)	(125)
Charge for the year, net	929	97
At 31 December	**3,630**	**4,069**

For its staff in Nigeria, the Group operates a defined benefit gratuity and ex-gratia plan. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. This plan is unfunded. The Group meets its benefit payment obligation as it falls due. The defined benefit plans are administered by a single pension fund that is legally separated from the Group. The pension fund manager is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund. At each reporting date, an Asset-Liability Matching (ALM) study is performed by the pension fund's manager in which the consequences of the investment policies are analysed.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. However, considering the limited number of staff involved, actuarial risks are considered limited.

The amounts recognised in the balance sheet are determined as follows:

	31 December 2022 USD 1,000	**31 December 2021** USD 1,000
Present value of unfunded obligation	**3,630**	**4,069**

The significant actuarial assumptions used by external actuary, Alexander Forbes Consulting Actuaries Nigeria Limited, are as follows:

	31 December 2022	**31 December 2021**
Discount rate (p.a)	14%	7%
Rate of salary increase (p.a)	12%	7%

Assumptions regarding the rate of mortality assumed for employees were published in the A1967/70 Ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

The mortality rates by the Institute of Actuaries has been reduced down by one year to accurately reflect mortality in Nigeria. These assumptions translate into an average life expectancy for a pensioner retiring at 55.

The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

Age	**31 December 2022**	**31 December 2021**
Withdrawal from Service		
less than or equal to 30	2.5%	2.5%
31-39	2.0%	2.0%
40-44	1.5%	1.5%
45-55	0.0%	0.0%
Early Retirement		
less than or equal to 30	0.0%	0.0%
31-39	0.0%	0.0%
40-44	0.0%	0.0%
45-55	0.5%	0.5%

25 Trade and other payables

The composition of the Group's trade and other payables is as follows:

	31 December 2022 USD 1,000	31 December 2021 USD 1,000
Trade and other payables	120,308	153,135 [1]
Crude oil overlift payable	16,758	8,702
PXF accrued interest payable	6,052	1,159
RBL accrued interest payable	117	-
Total trade and other payables	**143,235**	**162,996** [1]

[1] *Adjusted for comparison purposes.*
Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

Trade and other payables mainly relate to the Group's share in the liabilities of its joint operations in Africa, out of which USD 117 million (2021: USD 146 million) relates to the Nigerian joint operations of subsidiaries Prime 127 (USD 17 million; 2021: USD 12 million) and Prime 130 (USD 100 million; 2021: USD 134 million). These balances are connected to the further development of and production from the Agbami field (Prime 127) and Akpo and Egina fields (Prime 130).

The Group's excess of crude oil purchased during the year over its entitlement share of production, is recognised as a crude oil overlift payable balance with a corresponding charge to 'Cost of sales'. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production. At balance sheet date, an overlift payable balance has been recorded in the amount of USD 17 million (2021: USD 9 million). Also refer to note 6 to these special purpose consolidated financial statements.

The total balance of 'Trade and other payables' includes an amount of USD 6 million (2021: USD 1 million) for PXF facility interest payable and an amount of USD 0.1 million for RBL interest payable (2021: USD nil).

All trade and other payables are due within one year. Information about the Group's exposure to currency and liquidity risk is included in note 27 to these special purpose consolidated financial statements.

26 Taxes and royalties payable

The composition of the Group's taxes and royalties payable is as follows:

	31 December 2022 USD 1,000	31 December 2021 USD 1,000
PPT payable	119,152	-
Education tax payable	41,765	27,802
Royalties payable	4,235	74,856
Corporate income tax payable	11,336	27,578
Payroll taxes payable	1,563	1,437
Other taxes payable	193	194
Taxes and royalties payable	**178,244**	**131,867**

The PPT payable balance of USD 119 million represents the Group's share of tax oil due in OML 130 per year-end 2022. In prior years, PPT oil lifted by the operator in OML 130 on behalf of the Group was sold to 3rd party customers and proceeds were used to settle the Group's tax liabilities. In the financial year, Prime 130 however started paying tax oil in cash itself, while being compensated by an equivalent value in oil allocation by the operator.

Taxes and royalties payable further include the Group's liabilities for education tax, royalties payable in the amount of USD 4 million (2021: USD 75 million), out of which USD 2 million relates to royalties due on natural gas sales (2021: USD 5 million), corporate income tax due on natural gas in the amount of USD 11 million (2021: USD 28 million), payroll tax, NDDC, withholding tax and VAT payable.

All taxes and royalties payable are due within one year.

27 Risk & capital management and financial instruments

The Group's aim is to create membership value through the exploration and appraisal phase of the exploration and production cycle in Africa and then, at the appropriate time, monetise that value and reinvest proceeds into further exploration activities and maximise returns for the Group's members.

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and short-term deposits that derive directly from its operations. Depending on developments in market conditions, the Group also enters into derivative transactions.

The Group's activities expose it to a variety of risks and uncertainties: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and environmental and legal risk.

1. Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's overall risk management programme, which seeks to minimise potential adverse effects on the Group's financial performance.

The corporate risk management policy is carried out by a committee set up by the Supervisory Board of both members to evaluate and establish guidelines for measuring, monitoring, and managing the risks periodically and to support the Board decisions. Representatives of different business areas are convened to discuss specific matters.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in risk profiles and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The department identifies, evaluates, and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Internal Audit function oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the committee that is composed of members of the Board of Directors and Supervisory Board.

The Board of Directors is continuously monitoring the risks of the Group through the risk register. If these risks are expected to be not in line with corporate risk management policy, the Board will discuss these risks with its members. The Board of Directors agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and commodity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

(i) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group entities. The Group considers it is not exposed to significant risks resulting from fluctuations in foreign currency exchange rates, because its crude oil is sold in US Dollars which is the Group's functional currency and the RBL and PXF facility are denominated in US Dollars as well. Foreign exchange variation usually arises as a result of the Group's overhead expenses which constitute a less significant portion of the transactions of the Group. Further, cash balances are primarily held in US Dollars to provide a natural hedge to reflect that the majority of the Group's business is managed and conducted using US Dollars. Small balances are retained in other currencies for local operating and administrative needs to ensure that its net exposure is kept to an acceptable level.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates under the RBL and PXF facility.

Management considers the Group's exposure to interest rate risk moderate as, on balance sheet date, the remaining RBL and PXF principals amount to respectively USD 501 million and USD 281 million. As such, the Group has substantial floating-rate borrowings which are partially offset by cash held at variable rates. Therefore, a change in interest rates at the reporting date is likely to affect profit and loss of the Group.

The Group's current financing agreements make reference to the London Inter-Bank Offering Rate (USD LIBOR), which rate setting references will cease to exist after 30 June 2023. In December 2022, the Company however negotiated the terms of a refinancing related to these facilities that bears interest based on Secured Overnight Financing Rate (SOFR). Also refer to note 21 to these special purpose consolidated financial statements. Should the closing of this new refinancing not occur, then the current RBL and PXF facility agreements contain alternatives to transition from the current IBOR benchmark rates to an alternative rate on an economically equivalent basis without any material value transfer. Therefore, management believes that the Group has limited exposure to changes in benchmark interest rates.

The following table demonstrates the sensitivity of the Group's profit before tax from a reasonably possible change in interest rates of the floating rate borrowings (with all other variables held constant). The impact on equity is the same as the impact on profit before tax.

Increase/(Decrease) in interest rate	Effect on profit before tax 2022 USD 1,000 (Decrease)/Increase	Effect on profit before tax 2021 USD 1,000 (Decrease)/Increase
+1.5%	(15,092)	(17,863)
-1.5%	15,092	17,863

(iii) Price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Short-term volatility in oil crude prices is considered to have a limited impact on the Group's result. Longer-term price movements are however impacted by economic events that dictate the levels of supply and demand.

The increase in oil prices in 2022 normally impacts the Group's revenues positively, with average prices per barrel of USD 84.48 in 2022 compared to USD 59.25 in the same period of the prior year. Sales of crude oil in 2022 have been made to 3rd party customers, with the majority pursuant to forward contracts to ensure stability in cash flows and manage volatility in oil prices. At balance sheet date, 6 cargos of the Group's expected 2023 cargo entitlement are covered by forward contracts. The average cargo lifted is for 1 million barrels of oil. In prior years, the Company also used fixed price oil swaps to hedge its commodity price risk and designated all of the fixed price swaps as cash flow hedges. All of the Company's remaining fixed price swaps have been settled in 2021. The Group therefore considers its exposure to commodity price risk moderate.

Crude oil price sensitivity

The table below summarises the impact on profit before tax for changes in crude oil prices, excluding any hedge accounting impact. The impact on equity is the same as the impact on profit before tax. The analysis is based on the assumption that the average crude oil price moves 10% resulting in a change of USD 8.45/bbl (2021: USD 5.93/bbl), with all other variables held constant. Reasonably possible movements in crude oil prices were determined based on a review of the last years' historical prices and economic forecasters' expectations.

Increase/(Decrease) in crude oil prices	Effect on profit before tax 2022 USD 1,000 Increase/(Decrease)	Effect on profit before tax 2021 USD 1,000 Increase/(Decrease)
Increase USD 8.45/bbl (2021: USD 5.93/bbl)	88,997	67,825
Decrease USD 8.45/bbl (2021: USD 5.93/bbl)	(88,997)	(67,825)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers and outstanding receivables and committed transactions to joint venture partners.

The carrying amount of financial assets represents the maximum credit exposure.

(i) Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group holds cash and cash equivalents of USD 332 million at 31 December 2022 (2021: USD 518 million). The Group's more significant cash and cash equivalents are held with bank and financial institution counterparties, which are rated within the range of 'A-2 to A-1', based on rating agency Standard & Poor's ratings.

(ii) Trade and other receivables

In the financial year, the Group sells its crude oil and natural gas to reputable 3rd party customers with long track records in the industry; it therefore considers credit risk on accounts receivable in general limited. Apart from the receivables related to the past sales of natural gas that were fully received in cash during the year, no credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these reputable counterparties.

An impairment analysis is performed at each reporting date to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of its joint-venture partners. Management therefore carefully considers the factors that may influence the credit risk of these receivables such as the general default risk in the industry and country in which it operates with the joint-venture partners. The Group further mitigates this risk by entering into transactions with long-standing, reputable counterparties and partners.

Under the conditions of the PXF facility, in total 90% of the Group's cargos is to be delivered to one of the lenders. The Group evaluates the concentration of risk with respect to trade and other receivables assets as moderate, as although its limited number of customers are located in several jurisdictions, they operate within the same industries in the same markets.

The table below states the Group's financial assets in relevant maturity groupings at the respective balance sheet dates:

	Neither past due nor impaired	**Within 1 year**	**Total**
	USD 1,000	USD 1,000	USD 1,000
31 December 2022			
Cash and cash equivalent	331,695	-	331,695
Trade and other receivables	206,464	-	206,464
	538,159	**-**	**538,159**
31 December 2021			
Cash and cash equivalent	517,878	-	517,878
Trade and other receivables	183,851	98,700	282,551
	701,729	**98,700**	**800,429**

Liquidity risk

Liquidity risk of the Group mainly relates to the inability to fund exploration work programmes and excess cost and capital spending. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Weekly review of cash flows, periodical review of working capital and funding options and a prudent approach to budgeting and planning ensure sufficient capital to meet commitments. Further, a formalised annual budget process and ongoing monthly reviews of actuals to budget analysis mitigate the risks of excess cost and capital spending. This is further evidenced by Board approval of the annual work programmes.

As the Group's cash flow generating activities are located in Nigeria, the Group bears a certain level of concentration risk in this geographical area. The Group ensures however that this country risk is effectively identified, measured and managed by using an internal model to determine the risk rating of the country. The model inputs are continually updated to reflect economic and political changes in the country. In determining the rating, the Group's network of operations, country visits and external sources of information are used extensively.

To maintain adequate financial liquidity to meet the Group's business plans, the Group uses forward sales transactions against the downward risk associated with oil price volatility.

Currently, apart from the RBL and PXF facility of which all conditions precedent have been met as at 31 December 2022, the Group does not maintain any lines of credit.

The following are the remaining contractual maturities of the Group's financial liabilities at the respective balance sheet dates. The amounts disclosed are the gross and undiscounted contractual cash flows.

	Within 1 year	Between 1 and 5 years	Over 5 years	Total
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
At 31 December 2022				
Trade and other payables	120,308	-	-	120,308
Loans and borrowings	421,908	322,876	37,530	782,314
	542,216	**322,876**	**37,530**	**902,622**
At 31 December 2021				
Trade and other payables	153,135	-	-	153,135 [1]
Loans and borrowings	520,337	457,852	33,765	1,011,954
	673,472	**457,852**	**33,765**	**1,165,089**

[1] Adjusted for comparison purposes. Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

2. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise the membership's value.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

To maintain or adjust the capital structure, the Group may obtain external funding and/or adjust the dividend payment to its members in close cooperation with these members.

The Group monitors capital using the following gearing ratios:

(i) Net Debt / EBITDA below 2.5, and

(ii) EBITDA / Interest Expense above 5.0.

The Group includes in its net debt all borrowings raised from external parties, less cash and short-term deposits.

The Group's capital management is subject to the constraints imposed by its members and externally imposed capital requirements (refer to note 21 to these special purpose consolidated financial statements) by the consortium of banks providing the RBL and PXF facilities.

In 2022 and 2021, the Group's debt-to-equity ratio has fluctuated in the following manner (USD thousand or single unit):

	2022	**2021**
Total debt (current and non-current) (A)	788,483	1,018,168
Cash and cash equivalents (B)	331,678	516,924
Net debt (C=A-B)	456,805	501,244
Members' equity (D)	384,337	584,925
Net debt / (Net debt + Members' equity) (C/(C+D))	0.54	0.46
EBITDA (E)	1,232,132	1,305,084
Interest expense (F)	60,434	54,154
Net debt / EBITDA (C/E)	**0.37**	**0.38**
EBITDA / Interest expense (E/F)	**20**	**24**

-Total debt is calculated by adding the remaining principals under the RBL and PXF facilities to accrued interest payable thereon and related commitment fees payable.

-Cash and cash equivalents exclude cash at hand and the Group’s share in cash balances of its joint operations.

-EBITDA is calculated as profit before tax, adjusted by adding back: net finance result, depreciation and amortisation expense on ‘Oil and gas properties’ and ‘Other property, plant and equipment’ and asset impairment charges.

-Interest expense of USD 60 million (2021: USD 54 million) is calculated by adding interest charges under the RBL and PXF facility of USD 56 million (2021: USD 46 million) to PXF commitment fees of USD 0.6 million (2021: USD 0.2 million) and amortisation expense on capitalised upfront RBL fees of USD 3 million (2021: USD 7 million). Prior year amount also included other finance expense related to the RBL and PXF of USD 0.9 million. There was no such expense in the financial year.

3. Financial assets and liabilities

Financial assets

When using fixed price oil swaps, the Group classifies its financial assets as derivatives designated as hedging instruments measured at fair value through OCI with recycling of cumulative gains and losses and financial assets at amortised cost.

Derivatives designated as hedging instruments reflect the positive change in fair value of fixed price oil swaps, designated as cash flow hedges to hedge highly probable forecast sales of oil cargos.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Groups’ financial assets at amortised cost comprise ‘other receivables’, ‘trade and other receivables’ and ‘cash and cash equivalents’ in the statement of financial position.

	31 December 2022 USD 1,000	31 December 2021 USD 1,000
Financial assets		
Debt instruments at amortised cost		
Non-current		
Other receivables	426	343
Current		
Trade and other receivables	206,464	282,551
Cash and cash equivalents	331,695	517,878
Total financial assets at amortised cost	**538,585**	**800,772**
Total current	**538,159**	**800,429**
Total non-current	**426**	**343**

Financial liabilities

The Group classifies its financial liabilities as financial liabilities at amortised cost (including separately 'loans and borrowings') and, when using fixed price oil swaps, as derivatives designated as hedging instruments measured at fair value through OCI with recycling of cumulative gains and losses.

Derivatives designated as hedging instruments reflect the negative change in fair value of fixed price oil swaps, designated as cash flow hedges to hedge highly probable forecast sales of oil cargos.

Loans and borrowings from 3rd parties are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost.

Financial liabilities at amortised cost also include 'trade and other payables'. Trade and other payables are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value.

	31 December 2022 USD 1,000	31 December 2021 USD 1,000
Financial liabilities		
Financial liabilities at amortised cost		
Non-current		
Loans and borrowings	360,222	491,617
Current		
Loans and borrowings	420,439	520,337
Trade and other payables	120,308	153,135 [1)]
Total financial liabilities at amortised cost	**900,969**	**1,165,089**
Total current	**540,747**	**673,472**
Total non-current	**360,222**	**491,617**

[1)] *Adjusted for comparison purposes.*
Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is commodity price risk.

The Group uses forward contracts and, until mid-2021, fixed price oil swaps to hedge its commodity price risk. Hedging the price volatility of forecast oil sales is in accordance with the risk management strategy outlined by the Board of Directors. On the forward commodity contracts hedge accounting is not considered applicable as the own-use exception applies: the Group does not enter into physical oil contracts other than to meet the Group's expected sales requirements. These arrangements therefore fall outside the scope of IFRS 9 and are classified as normal sales contracts that are accounted for on an accrual basis.

In prior year, the remaining portion of the Group's fixed price oil swaps was settled in full, resulting in a loss on the settlement of fixed oil price swaps of USD 31 million reported in 'Other finance costs' and a loss of USD 1 million reported in OCI. Also refer to note 11 and 20 to these special purpose consolidated financial statements.

Fair values of financial assets and financial liabilities

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs
Fixed oil price swaps	Forward pricing model	Discount rate
		Discount for counterparty credit risk
Other financial assets and liabilities	Discounted cash flows	Own non-performance risk
		Discount for non-performance risk counterparty

The table below presents a disclosure of fair value of the Group's financial assets and liabilities as at 31 December 2022 and 2021.

None of these financial assets and liabilities have been offset as the Group only presents the net amount in the statement of financial position when it has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

There were no transfers between levels of the fair value hierarchy during the year.

	31 December 2022	31 December 2021
Financial assets	USD 1,000	USD 1,000
Debt instruments at amortised cost		
Level 1		
Cash and cash equivalents	331,695	517,878
Level 3		
Other receivables	426	343
Trade and other receivables	206,464	282,551
	538,585	**800,772**
Total financial assets	**538,585**	**800,772**
Financial liabilities		
Liabilities at amortised cost		
Level 3		
Trade and other payables	**120,308**	**153,135** [1)]
Loans and borrowings		
Level 2		
Loans and borrowings	**780,661**	**1,011,954**
Total financial liabilities at amortised cost	**900,969**	**1,165,089**
Total financial liabilities	**900,969**	**1,165,089**

[1)] *Adjusted for comparison purposes.*
Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

The fair values of the larger part of the Group's financial assets and liabilities as at 31 December 2022 and 2021 approximate their carrying values due to the short-term maturities of these instruments.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the discounted cash flow method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2022 and 2021 was assessed to be insignificant.

The notes to the specific items of the statement of financial position disclose the fair value of the related instrument if the fair value does not approximate carrying value. For the principles of the primary financial instruments, reference is made to the recognition principles per item of the statement of financial position.

28 Leases

The Group has entered into a limited number of leases for buildings and items of plant and machinery under medium-term lease agreements. Future minimum lease payments under non-cancellable lease agreements as at 31 December 2022 as well as lease amounts recognised in these special purpose consolidated financial statements are therefore considered insignificant.

As the Group has significant interests in non-operated Production Sharing Contracts ('PSCs') in Nigeria that are classified as Joint Operations under IFRS 11, *Joint Arrangements*, the Group presents its proportionate share of the assets, liabilities, revenues and expenses on a line-by-line basis in the special purpose consolidated financial statements in accordance with the IFRSs applicable to the respective assets, liabilities, revenues and expenses.

29 List of subsidiaries

Set out below is a list of material subsidiaries of the Group per 31 December 2022:

Name of subsidiary	% and number of shares owned by Company	Other shareholder	% and number of shares owned by other shareholder
Prime 127 Nigeria Limited (‘Prime 127’) 1, Adeola Odeku Street, 5th Floor, Sapetro Towers Victoria Island, Lagos, Nigeria	99.9942% 3,425,300,000	Prime 130	0.0058% 200,000
Prime 130 Nigeria Limited (‘Prime 130’) 1, Adeola Odeku Street, 5th Floor, Sapetro Towers Victoria Island, Lagos, Nigeria	99.9956% 4,525,850,000	Prime 127	0.0044% 200,000
Petrobras Tanzania Limited (‘PETAN’) Ground Floor Kilwa House, Plot 369 Toure Drive, Dar es Salaam, Tanzania	99.9999996% 216,785,352	Prime 130	0.0000004% 1

30 Commitments

(i) Capital commitments working programmes

In accordance with the terms of the production sharing contracts entered into by the Group along with other consortium partners in respect of its oil fields and blocks, the Group has certain minimum exploration and development commitments with estimated capital expenditures in oil and gas properties of USD 0.9 billion as at 31 December 2022, USD 0.7 billion as at 31 December 2023, USD 0.6 billion as at 31 December 2024, USD 0.4 billion as at 31 December 2025 and USD 0.2 billion as at 31 December 2026.

(ii) Securities and guarantees

Under the conditions of the RBL facility, the main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities Prime 127 and Prime 130, cash and cash equivalents in the amount of USD 331 million as per 31 December 2022 that are held within the projects accounts in Nigeria and The Netherlands, proceeds from the oil cargos sold and proceeds from the intercompany loans between the Company and the Nigerian entities. Further, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured. The security package of the PXF facility is second ranking on the RBL security package. Also refer to notes 13, 17, 19 and 21 to these special purpose consolidated financial statements.

The Group’s policy is to provide financial guarantees only to subsidiaries.

(iii) Commitments from forward sales

The Group uses physical forward sales contracts to manage its commodity price risk and ensure stability in cash flows. Its strategy is to cover approximately 50-70% of its next 12-months’ scheduled cargos by forward contracts. At balance sheet date, 6 cargos of the Group’s expected lifted entitlement production are covered by forward contracts. The average cargo lifted is for 1 million barrels of oil. On the forward commodity contracts hedge accounting is not considered applicable as the own-use exception applies: the Group does not enter into physical oil contracts other than to meet the Group’s expected sales requirements. These arrangements therefore fall outside the scope of IFRS 9 and are classified as normal sales contracts that are accounted for on an accrual basis.

31 Contingencies

(i) Claims and litigation

From time to time the Group is involved in claims and legal proceedings arising in the normal course of business. While these claims may seek substantial damages against the Group and are subject to uncertainty inherent in any litigation, the Group does not believe that the ultimate resolution of such matters will have a material adverse impact on the Group's operating results or financial position.

(ii) Insurance

Management believes that the Group has in general adequate insurance coverage of the risks, including adequate property damage coverage for its main production assets, which could have a material effect on the Group's operations and financial position. Under the conditions of the amended RBL facility and PXF facility, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured.

32 Related parties

The Group considers all legal entities that can be controlled, jointly controlled or significantly influenced to be related parties. Also, entities which can control the Company are considered a related party as well as all legal entities that can be controlled, jointly controlled or significantly influenced by the Company's members. In addition, the Group considers the members of the Board of Directors and Supervisory Board as key management personnel as defined by IAS 24.

(i) Parent and ultimate controlling party

On 14 June 2013, Petrobras International Braspetro B.V. ('PIB'), Rotterdam, The Netherlands, and BTG Pactual E&P B.V. ('BTG E&P') entered into a binding agreement to establish a 50/50 joint venture for oil and gas exploration and production in Africa. As the joint venture was formed upon the acquisition by BTG E&P of 50% of the shares issued by Prime Oil & Gas B.V., at that time named Petrobras Oil & Gas B.V., the Company was owned for 50% by PIB and for 50% by BTG E&P.

Ultimate parent company of PIB is Petróleo Brasileiro S.A., Rio de Janeiro, Brazil, where BTG E&P B.V. was ultimately held by BTG Pactual Holding S.A., Sao Paulo, Brazil ('BTG'), with a 20% minority stake held by Helios Investment Partners, London, United Kingdom.

On 14 January 2020, PIB completed the sale of its 50% interest in the Company to PetroVida Holding B.V., Rotterdam, The Netherlands ('Petrovida'). BTG continues to own the remaining 50% membership interest in the Company through direct parent company BTG Pactual Holding S.à r.l., a private limited liability company governed and existing under the laws of the Grand Duchy of Luxembourg that, in December 2020, legally merged with previous shareholder BTG Pactual E&P B.V., where the latter entity ceased to exist after the merger. The 20% minority stake in BTG Pactual Holding S.à r.l., previously held by Helios, is now held by Petralon Energy Limited, Lagos, Nigeria.

Petrovida, a company established to acquire PIB's stake in the Company, is wholly owned by Africa Oil Holdings B.V., The Netherlands. Ultimate parent company is Africa Oil Corporation, Vancouver, Canada ('Africa Oil'). Africa Oil is focused primarily on Africa with development assets in Kenya and a portfolio of exploration and appraisal assets in Africa and Guyana. Africa Oil is listed on the Toronto Stock Exchange and on Nasdaq Stockholm.

(ii) Key management personnel

No advances or loans have been provided to members of the Board of Directors or Supervisory Board in 2022 and 2021. Compensation of the Group's key management personnel only includes salaries and cash bonuses. Contributions to post-employment defined benefit plans are only provided for the Nigerian employees in accordance with local law (refer to note 24 to these special purpose consolidated financial statements).

(iii) Related party transactions

The Group enters into transactions in the ordinary course of business with various related parties during the year. These transactions may relate to technical services based on service agreements between certain associated companies, sale of crude oil and funds provided by and to subsidiaries and associated companies to finance the operations of the Group, including interest thereon. All these transactions are in principle carried out on an at arm's length basis.

Significant transactions and balances with related parties are disclosed in the notes; refer to notes 5, 15, 17, 24 and 25 to these special purpose consolidated financial statements.

33 Subsequent events

Subsequent to 31 December 2022, no events occurred that would require adjustment to these special purpose consolidated financial statements.

Independent auditor's report

To: the board of directors of Prime Oil & Gas Coöperatief U.A.

Report on the audit of the special purpose consolidated financial statements

Our opinion

In our opinion, the special purpose consolidated financial statements give a true and fair view of the consolidated financial position of Prime Oil & Gas Coöperatief U.A. (the Company) and its subsidiaries (together 'the Group') as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards').

What we have audited

The Group's special purpose consolidated financial statements comprise:

- the special purpose consolidated statement of financial position as at 31 December 2022;
- the special purpose consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the special purpose consolidated statement of changes in equity for the year then ended;
- the special purpose consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).
Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the special purpose consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics) that are relevant to our audit of the special purpose consolidated financial statements in the Netherlands. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the VGBA, Dutch Code of Ethics.

PricewaterhouseCoopers Accountants N.V., Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, the Netherlands
T: +31 (0) 88 792 00 10, F: +31 (0) 88 792 95 33, www.pwc.nl

Responsibilities of the board of directors and the supervisory board for the special purpose consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the special purpose consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The supervisory board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the special purpose consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the special purpose consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rotterdam, 8 September 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by G.E. van den Broek RA

Special purpose consolidated financial statements 2021

Prime Oil & Gas Coöperatief U.A.

Rotterdam
8 September 2024

Contents

Special purpose consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021

	Note	2021	2020
		USD 1,000	USD 1,000
Revenue	5	1,220,310	1,292,160
Cost of sales	6	(542,056)	(569,438)
Gross Profit		**678,254**	**722,722**
Other operating income	7	355,590	100,324
Exploration expenses	8	(3,887)	(4,368)
Impairment charges oil and gas properties	9	-	(289,482)
Other operating expenses	10	(28,380)	(27,635)
Operating Profit		**1,001,577**	**501,561**
Finance income	11	418	54,395
Finance costs	11	(100,380)	(130,420)
Profit before tax		**901,615**	**425,536**
Income tax (expense)/credit	12	(460,030)	11,892
Profit for the year		**441,585**	**437,428**
- membership interest of the parent		441,585	437,428
- non-controlling interest		-	-
Other comprehensive income that may be reclassified to the income statement (net of income tax)			
- gain on derivative financial instruments	16	(1,117)	17,315
Total other comprehensive income for the year		**(1,117)**	**17,315**
Total comprehensive income for the year		**440,468**	**454,743**
- membership interest of the parent		440,468	454,743
- non-controlling interest		-	-
Basic and diluted earnings per ordinary share (expressed in USD per share)		not applicable	257,008

Basic and diluted earnings per ordinary share are based on a weighted average of nil outstanding ordinary shares (2020: 1,702).
There were no diluted ordinary shares at the end of the year (2020: nil).

Approved on behalf of the Board:

[redacted]

Mr. Aldo Vinicius Perracini
Chief Executive Director

The notes on pages 6 to 74 are an integral part of these special purpose consolidated financial statements.

Special purpose consolidated statement of financial position as at 31 December 2021

Assets	Note	31 December 2021 USD 1,000	31 December 2020 USD 1,000 *Restated*	1 January 2020 USD 1,000 *Restated*
Oil and gas properties	13	2,757,546	3,059,758	3,737,220 [1)]
Other property, plant and equipment	14	311	431	551
Other receivables	15	343	439	1,657
Deferred income tax assets	12	-	38,097	7,816
Non-current assets		**2,758,200**	**3,098,725**	**3,747,244**
Inventories	17	86,913	77,009	78,782
Trade and other receivables	18	282,551	86,493	134,916
Prepayments and recoverable taxes	19	427	489	466
Amounts due from related parties		-	-	140,677
Derivative financial instruments	16	-	6,466	577
Cash and cash equivalents	20	517,878	231,354	140,419
Current assets		**887,769**	**401,811**	**495,837**
Total assets		**3,645,969**	**3,500,536**	**4,243,081**
Equity	21			
Membership interest / share capital		526,210	526,210	190
Share premium reserve		-	-	526,020
Accumulated OCI		-	670	(16,645)
Retained earnings/(accumulated losses)		17,130	(19,851)	(542,196) [1)]
Unappropriated result		41,585	37,428	522,345
Total equity attributable to members / owners		**584,925**	**544,457**	**489,714** [1)]
Loans and borrowings - non-current	22	491,617	803,985	1,190,845
Decommissioning liabilities	23	229,119	263,090	253,590
Other provisions	24	305,263	-	-
Employee benefits	25	7,169	5,497	5,968
Derivative financial instruments	16	-	-	1,638
Deferred income tax liabilities	12	1,212,676	1,285,277	1,431,664 [1)]
Non-current liabilities		**2,245,844**	**2,357,849**	**2,883,705**
Loans and borrowings - current	22	520,337	486,994	620,973
Amounts due to related parties		-	-	2,516
Trade and other payables	26	294,863	105,887	231,036
Derivative financial instruments	16	-	5,349	15,137
Current liabilities		**815,200**	**598,230**	**869,662**
Total liabilities		**3,061,044**	**2,956,079**	**3,753,368**
Total liabilities and equity		**3,645,969**	**3,500,536**	**4,243,081**

[1)] *Adjusted for accumulated prior years' impact of prior period adjustment.*

Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

The notes on pages 6 to 74 are an integral part of these special purpose consolidated financial statements.

Special purpose consolidated statement of changes in equity for the year ended 31 December 2021

		Equity attributable to owners / members					
	Note	Share capital / Membership interest USD 1,000	Share premium reserve USD 1,000	Accumulated OCI USD 1,000	(Accumulated losses)/ Retained earnings USD 1,000	Unappropriated result USD 1,000	Total USD 1,000
Balance as at 1 January 2020		**190**	**526,020**	**(16,645)**	**(522,345)**	**522,345**	**509,565**
Opening equity adjustment from prior period adjustment	2	-	-	-	(19,851)	-	(19,851)
Restated balance as at 1 January 2020		**190**	**526,020**	**(16,645)**	**(542,196)**	**522,345**	**489,714**
Transfer of result prior year to accumulated losses		-	-	-	522,345	(522,345)	-
Total comprehensive income							
Profit for the year		-	-	-	-	437,428	437,428
Translation of share capital	21	19	-	-	(19)	-	-
Other comprehensive income	21	-	-	17,315	-	-	17,315
Total comprehensive income		**19**	-	**17,315**	**(19)**	**437,428**	**454,743**
Total contributions by and distributions to owners of the Company, recognised directly in equity							
- Dividend distribution	21	-	-	-	-	(400,000)	(400,000)
Total transactions with owners of the Company		-	-	-	-	**(400,000)**	**(400,000)**
Total balances upon conversion to Cooperative		**209**	**526,020**	**670**	**(19,870)**	**37,428**	**544,457**
Cancellation of shares		(209)	-	-	**19**	-	**(190)**
Conversion distributable equity to members' accounts		526,210	(526,020)	-	-	-	**190**
Total impact from coversion		**526,001**	**(526,020)**	-	**19**	-	-
Restated balance as at 31 December 2020		**526,210**	-	**670**	**(19,851)**	**37,428**	**544,457**
Balance as at 1 January 2021		**526,210**	-	**670**	**(19,851)**	**37,428**	**544,457**
Transfer of result prior year to accumulated losses		-	-	-	37,428	(37,428)	-
Total comprehensive income							
Profit for the year		-	-	-	-	441,585	441,585
Other comprehensive expense	21	-	-	(670)	(447)	-	(1,117)
Total comprehensive income		-	-	**(670)**	**(447)**	**441,585**	**440,468**
Total contributions by and distributions to members of the Company, recognised directly in equity							
- Dividend distribution	21	-	-	-	-	(400,000)	(400,000)
Total transactions with members		-	-	-	-	**(400,000)**	**(400,000)**
Balance as at 31 December 2021		**526,210**	-	-	**17,130**	**41,585**	**584,925**

The notes on pages 6 to 74 are an integral part of these special purpose consolidated financial statements

Special purpose consolidated statement of cash flows for the year ended 31 December 2021

	Note	2021	2020
		USD 1,000	USD 1,000
Cash flows from operating activities			
Profit before tax		901,615	425,536
Adjustments for:			
Depreciation	6	303,507	447,906
Impairment charges oil and gas properties	9	-	289,482
Finance result, net of accretion expense	11	84,586	59,029
Accretion expense	23	15,375	16,995
E&P taxes paid in kind	12	(466,956)	(164,776)
Corporate income taxes	12	(27,578)	-
Increase in other provisions	24	305,263	-
Increase/(decrease) of provision for employee benefits	25	1,673	(471)
Working capital adjustments:			
Change in inventories	17	(9,903)	1,772
Change in trade and other receivables	18	(155,273)	57,351
Change in crude oil underlift receivables from joint venture partners	18	(40,784)	(9,206)
Change in crude oil overlift payable to joint venture partners	26	8,702	(43,845)
Change in prepayments and recoverable taxes	19	61	(22)
Change in amounts due from related parties - current		-	140,677
Change in amounts due to related parties - current		-	(2,516)
Change in trade and other payables	26	177,951	(56,855)
Net cash inflow from operating activities		**1,098,239**	**1,161,057**
Cash flows from investing activities			
Expenditures on oil and gas properties	13	(50,521)	(25,334)
Interest income received	11	417	1,262
Net cash outflow from investing activities		**(50,104)**	**(24,072)**
Distributions to members	21	(400,000)	(400,000)
Repayments on loans and borrowings	22	(436,018)	(522,193)
Proceeds from loans and borrowings	22	150,000	-
Interest expense paid	11	(44,889)	(110,678)
Proceeds from staff loan	15	95	1,497
Payment on settlement of derivative financial intruments	16	(30,587)	(14,618)
Net cash outflow from financing activities		**(761,399)**	**(1,045,992)**
		286,736	**90,993**
Cash and cash equivalents at the beginning of the year	20	**231,354**	**140,419**
Foreign exchange variation on cash and cash equivalents		(212)	(58)
Movement over the year		286,736	90,993
Cash and cash equivalents at the end of the year		**517,878**	**231,354**

The notes on pages 6 to 74 are an integral part of these special purpose consolidated financial statements.

Notes to the special purpose consolidated financial statements for the year ended 31 December 2021

1 Reporting entity

Prime Oil & Gas Coöperatief U.A. (‘the Company’) is a cooperative with exclusion of liability domiciled in The Netherlands, registered at the trade register with number 34224579 as referred to in Article 9 section A of the Trade Register Act 2007. The address of the Company’s registered office is Delftse Poort, Tower A – 21st floor, Weena 505, 3013 AL, Rotterdam, The Netherlands. The special purpose consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the figures of the Company and its subsidiaries (jointly referred to as the ‘Group’ and individually as ‘Group entities’).

The Group is primarily involved in the exploration and production of oil and gas through its subsidiaries in Nigeria.

On 17 December 2020, the Company’s legal form as Dutch private company with limited liability was converted to a Dutch cooperative with excluded liability, where its shareholders became the members of the Company. The legal entity, including the trade registration number, as well as the economic interests and voting rights in the capital of the cooperative did not change resulting from the conversion.

The Group is owned for 50% by PetroVida Holding B.V., Rotterdam, The Netherlands (‘Petrovida’) and for 50% by BTG Pactual Holding S.à r.l. (‘BTG’), a private limited liability company governed and existing under the laws of the Grand Duchy of Luxembourg that, in December 2020, legally merged with previous shareholder BTG Pactual E&P B.V. After the merger, BTG Pactual E&P B.V. ceased to exist.

The Petrovida financial statements are available for public use at the Chamber of Commerce in The Netherlands, the BTG financial statements at the Luxembourg Trade and Companies Register. Ultimate parent company of Petrovida is Africa Oil Corporation, Vancouver, Canada.

BTG is ultimately held by BTG Pactual Holding S.A., Sao Paulo, Brazil, with minority stakes held by Helios Investment Partners, London, United Kingdom (11%) and Petralon Energy Limited, Lagos, Nigeria (9%).

2 Basis of preparation

Statement of compliance and authorisation of special purpose consolidated financial statements

The special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board (IFRS IASB). IFRS includes the application of International Financial Reporting Standards, including International Accounting Standards (IAS) and related interpretations of the IFRS Interpretations Committee (IFRICs).

The preparation of special purpose financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the special purpose consolidated financial statements, are disclosed in the note ‘Significant accounting judgements, estimates and assumptions’.

The special purpose consolidated financial statements were authorised for issue by the Board of Directors.

Comparative figures

These special purpose consolidated financial statements for the year ended 31 December 2021 were prepared together with the comparative period data for the year ended 31 December 2020. The Group has consistently applied the accounting policies used throughout the periods presented, as if these policies had always been in effect, except for the adjustments described below and in note 3 (New standards and interpretations) to these special purpose consolidated financial statements.

Prior period adjustment related to revision of decommissioning liabilities

In preparing its 2021 special purpose consolidated financial statements, the Group identified a prior period adjustment as a result of a change in management's interpretation of IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*. Where previously the excess of the release of its decommissioning provisions over its decommissioning assets was credited to finance income, effective 2020, any remaining excess resulting from the periodic revision of the decommissioning provisions – insofar the decommissioning assets are insufficient for a full offset - will be offset with the Group's 'Oil and gas properties'.

To account for the period-specific and cumulative effects of this prior period adjustment, the Group adjusted the opening balance of the affected component of equity for the earliest prior period presented. As a result, prior year's 'Accumulated losses' was adjusted downward by USD 20 million to reflect the impact from these adjustments that only occurred in financial years preceding prior year. The bookvalues of 'Oil and gas properties' and 'Deferred income tax liabilities' have also been adjusted downward by respectively USD 40 million and USD 20 million. Further, the comparative disclosures in note 12 'Income tax expense', note 13 'Oil and gas properties', note 21 'Equity' and note 27.2 'Capital management' have also been adjusted to reflect these adjustments.

Basis of measurement

The special purpose consolidated financial statements have been prepared on the historical cost basis, as modified by financial assets and financial liabilities measured at fair value, as detailed in the accounting policies set out below. The Group uses the successful efforts method of accounting for exploration and development costs.

The special purpose consolidated financial statements have been prepared on a going concern basis.

Functional and presentation currency

(i) Functional currency

These special purpose consolidated financial statements are presented in USD, which is the Group's functional currency as the majority of the Group's transactions are denominated in USD. All financial information presented in USD has been rounded to the nearest thousand (USD'000), except when otherwise indicated.

(ii) Foreign currency

Monetary assets and liabilities denominated in foreign currency are translated into USD at the exchange rates prevailing on balance sheet date. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income' or 'finance costs'. Translation differences related to changes in amortised cost are recognised in profit and loss, and other changes in carrying amount are recognised in other comprehensive income.

The capital of the Company is translated at year-end rates with the resulting translation gains or losses included in the translation reserve as part of equity.

At year-end the following rates have been used:

2021: EUR 1 = USD 1.1829

2020: EUR 1 = USD 1.2271

Significant accounting judgements, estimates and assumptions

The preparation of the Group's special purpose consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the date of the special purpose consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognised prospectively.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the special purpose consolidated financial statements.

(i) Hydrocarbon reserve and resource estimates (Notes 13 and 23)

Oil and gas production assets are depreciated on a units-of-production (UoP) basis at a rate calculated by reference to total proved and probable oil and gas reserves ('2P') determined in accordance with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework. Facilities included in oil and gas production assets are depreciated on a straight-line basis over the economic useful life of the field.

The Group estimates its commercial reserves based on information provided by reputable independent petroleum engineers, either direct in case the Group acts as operator, or indirect, through the information provided by the respective operators. This information from reputable independent petroleum engineers concerns amongst others the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates.

Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices; the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements.

The current long-term Brent oil price assumption used in the estimation of commercial reserves is based on the long-term oil price forward curve of Bloomberg L.P. The carrying amount of oil and gas development and production assets at 31 December 2021 is shown in note 13.

As the economic assumptions used may change and, as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of 'Oil and gas properties' (including capitalised asset retirement obligations) of USD 2,758 million (2020: USD 3,060 million) may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit and loss may change where such charges are determined using the UoP-method, or where the useful life of the related assets change.

- Provisions for decommissioning amounting to USD 229 million as at 31 December 2021 (2020: USD 263 million) may change - where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

(ii) Units-of-production depreciation of oil and gas properties (Note 13)

Oil and gas properties amounting to USD 2,758 million (2020: USD 3,060 million) are depreciated using the UoP-method over total estimated proved and probable hydrocarbon reserves ('2P'), except for facilities that are depreciated on a straight-line basis over the economic useful life of the field. This results in a depreciation/amortisation charge that is proportional to the depletion of the anticipated remaining production from the field. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserve. The calculation of the UoP-rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total estimated proved and probable reserves, or future capital expenditure estimates change. Changes to proved and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including the effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions or unforeseen operational issues.

(iii) Recoverability of oil and gas properties (Note 13)

The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, with reference to total proved and risk-adjusted probable reserves ('2P'), a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves (see Hydrocarbon reserves and resource estimates above) and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use of oil and gas properties is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU.

Management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

(iv) Decommissioning costs (Note 23)

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision, amounting to USD 229 million as at 31 December 2021 (2020: USD 263 million), at each reporting date. 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, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

(v) Classification of joint arrangements (Note 4)

The special purpose consolidated financial statements include transactions of non-operated Production Sharing Contracts ('PSCs'). The PSC transactions include the Group's proportionate share of the PSCs assets, liabilities and expenses, with items of a similar nature on a line-by-line basis, from the date that participation in the PSC arrangements commenced.

The Group has applied judgment in determining that it has joint control over the PSCs. This determination recognises that all major decisions outside the original scope of the operations require unanimous approval by at least the Group and one or more of the PSCs partners. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure program for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle.
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
- The legal form of the separate vehicle;
- The terms of the contractual arrangement;
- Other facts and circumstances (when relevant).

As the Group has a proportionate share of the rights to the PSCs' assets and the obligations for the PSCs' liabilities, it classifies these interests as a Joint Operation under IFRS 11, *Joint Arrangements*, and presents its proportionate share of the assets, liabilities, revenues and expenses on a line-by-line basis in the special purpose consolidated financial statements.

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. If the Group did not have both joint control and a proportionate share of the rights to the PSCs' assets and obligations for the PSCs' liabilities, it would present only its net investment in the PSCs and its proportionate share of the PSCs' net income in the special purpose consolidated financial statements.

Group's interest in joint arrangements

Except for the Group's licenses in Nigeria, at balance sheet date, all its blocks in the other Group entities have been relinquished.

- *Prime 127 Nigeria Limited ('Prime 127')*

Prime 127 currently has a funding interest of 12.4924% (20% of 62.4619%) in the unitised Agbami field. The funding interests of the other partners are: Chevron's company, Star Deep Water Petroleum Limited ('Star'; 49.9695%), Equinor (20.2143%), and Texaco Nigeria Outer Shelf Limited (17.3238%).

Prime 127's current equity interest in the non-unitised part of OML 127 PSA is 8%, while its funding interest is 20%. Although privately held Nigerian company Famfa Oil Limited ('Famfa') is the official operator of the block, the duties of the operator are delegated to Star which has an equity interest of 32% in OML 127 PSA and a funding interest of 80%. Famfa holds the remaining equity interest of 60% in the license. However, cost oil and recovery oil remain 80% and 20% for Star and Prime 127, respectively, as Famfa does not contribute to costs.

The expiry date of the OML 127 concession is December 2024.

In 2021, no distribution were made by Prime 127 to its shareholders (2020: USD nil).

- *Prime 130 Nigeria Limited ('Prime 130')*

Prime 130's current equity interest in OML 130 PSA is 32%, while its funding interest is 40% wherein it carries 40% of 20% (i.e. 8%) share of cost of privately held Nigerian company South Atlantic Petroleum Limited ('Sapetro'), the original owner of the concession. Although Sapetro is the official operator of the block, the duties of the operator are delegated to Total Upstream Nigeria Limited ('Tupni'). Tupni has an equity interest of 48% in OML 130 PSA and a funding interest of 60%, wherein it carries 60% of 20% (i.e. 12%) share of costs of Sapetro. Sapetro holds the remaining equity interest of 20% in OML 130 PSA.

Other partner in the block is China National Offshore Oil Corporation ('CNOOC'), which has an equity interest of 90% in OML 130 PSC related to the Akpo field, while Sapetro owns the remaining 10% interest in the PSC.

The expiry date of the OML 130 concession is March 2025.

In 2021, no distribution were made by Prime 130 to its shareholders (2020: USD nil).

- *Petrobras Tanzania Limited ('PETAN')*

Petrobras Tanzania Limited ('PETAN') was incorporated in the United Republic of Tanzania in 2004 and has been engaged in the exploration of offshore oil and gas reserves.

The Company is currently in the process of formally closing its subsidiary in Tanzania.

In 2021, no distribution were made by PETAN to its shareholders (2020: USD nil).

- *Angola branch*

The relinquishment of the blocks' licenses has been completed and, in 2018, the Company formally withdrew from the local trade and companies' registry.

- *Gabon branch*

The Gabon branch closed its office in November 2015 and, in 2018, the Company formally withdrew from the local trade and companies' registry.

- *Namibia branch*

The Namibia branch closed its office in March 2015 and, in 2020, the Company formally withdrew from the local trade and companies' registry.

There was no change in the Group's risk associated with interests in the joint arrangements.

(vi) Contingencies (Note 31)

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

3 New standards and interpretations

The International Accounting Standards Board (IASB) has issued certain International Financial Reporting Standards or amendments to these, and the IFRS IC has issued certain interpretations. The impact of changes on the Group's special purpose consolidated financial statements has been assessed.

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued.

Except for the changes below, the Group has consistently applied the accounting policies set out in note 4 to all periods presented in these special purpose consolidated financial statements..

New and amended standards adopted by the Group

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2021.

Although these new standards and amendments applied for the first time in 2021, they did not have a material impact on the 2021 special purpose consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)

In May 2020, the International Accounting Standards Board issued *Covid-19-Related Rent Concessions*, which amended *IFRS 16 Leases*. The amendment permitted lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment did not affect lessors.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond 30 June 2021*, which extended the availability of the practical expedient by one year.

The Group currently does not act as a lessee in material lease agreements and is therefore not exposed to Covid-19 related rent concessions.

There is no material impact on the Group's special purpose consolidated financial statements or accounting policies from the adoption of these amendments with effect from 1 January 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)

The IASB has undertaken a two-phase project to consider what, if any, reliefs to give from the effects of IBOR reform. The Phase 1 amendments, issued in September 2019, provided temporary reliefs from applying specific hedge accounting requirements to relationships affected by uncertainties arising as a result of IBOR reform ('the Phase 1 reliefs'). The Phase 2 amendments that were issued on 27 August 2020 address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

The amendments relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

Modification of financial assets, financial liabilities and lease liabilities. The IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

Practical expedient. For instruments to which the amortised cost measurement applies, the Amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform (for example, where lease payments are indexed to an IBOR rate).

Hedge accounting requirements. Under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.

Disclosures. In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity discloses information about:

-how the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition;

-quantitative information about non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmarks;

-to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how the entity is managing those risks.

The amendments are effective for annual periods beginning on or after 1 January 2021 and are to be applied retrospectively. Early application is permitted. Restatement of prior periods is not required, however, an entity may restate prior periods if, and only if, it is possible without the use of hindsight.

The Group's hedging activities only concern the use of fixed forward contracts and fixed price oil swaps to hedge commodity price risk; it does not hedge for interest rate risk and therefore the IBOR reform is not considered to impact the Group's existing hedging relationships. In relation to its other contractual agreements, such as the RBL and PXF facility agreements, group loans, off-take and gas sales agreements, the Group assessed the potential financial impact of the IBOR reform.

As the Group's more significant contracts make reference to 1, 3, 6 and 12 month USD-LIBOR, which rate setting references are expected to cease to exist only after 30 June 2023, the Group considers the current exposure of its various contracts limited and continues working, where applicable, on amending its contracts either to include robust fall-back provisions referencing an economically equivalent benchmark rate or to replace USD-LIBOR directly with an economically equivalent benchmark rate.

There is no material impact on the Group's special purpose consolidated financial statements or accounting policies from the adoption of these amendments with effect from 1 January 2021.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)

The International Accounting Standards Board issued amendments to IFRS 17 *Insurance Contracts* (that supersedes IFRS 4) aimed at helping companies implement the standard and making it easier for them to explain their financial performance.

The fundamental principles when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from stakeholders, are designed to:

-reduce costs by simplifying some requirements in the standard;

-make financial performance easier to explain; and

-ease transition by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

As these amendments are not applicable to the Group's current activities and transactions, there is no material impact on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2021.

New standards, amendments and interpretations not yet adopted by the Group

The following new standards and amendments to standards and interpretations are not mandatory for 31 December 2021 (IFRS IASB) reporting periods and have - when applicable - not been early adopted in preparing these 2021 special purpose consolidated financial statements.

When applicable, there is no material impact expected on the Group's special purpose consolidated financial statements or accounting policies from the adoption of these standards and amendments to standards and interpretations.

Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets + Annual Improvements 2018-2020 (All issued 14 May 2020)

On 14 May 2020, the IASB issued *'Reference to the Conceptual Framework (Amendments to IFRS 3)*' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

-update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;

-add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;

-and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

On 14 May 2020, the IASB issued *'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)'* regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

On 14 May 2020, the IASB issued *'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)'* amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

On 14 May 2020, the IASB issued *'Annual Improvements to IFRS Standards 2018–2020'*. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards:

Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 Financial Instruments:

Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases:

Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 Agriculture:

Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2022.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020 and 15 July 2020 respectively)

On January 23, 2020, the IASB issued *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments affect only the presentation of liabilities in the statement of financial position; not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. They further clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and are to be applied retrospectively. Earlier application is permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)

IFRS 17 Insurance Contracts was issued by the Board on 18 May 2017 and is needed to address many inadequacies in the wide range of insurance accounting practices used applying *IFRS 4 Insurance Contracts*.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021).

The amendments will help companies:

-improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and

-distinguish changes in accounting estimates from changes in accounting policies.

Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the Board issued amendments to *IAS 1 Presentation of Financial Statements* and *IFRS Practice Statement 2 Making Materiality Judgements*. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. To support this Amendment the Board also amended IFRS Practice Statement 2 Making Materiality Judgements (Materiality Practice Statement) to explain and demonstrate the application of the 'four-step materiality process' to accounting policy disclosures.

The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)

The Board has also issued amendments to *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments to IAS 8 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021).

For some transactions, IFRS standards require the simultaneous recognition of an asset and a liability. A consequence is that IAS 12 could also require the recognition of offsetting temporary differences. Before the amendments, it was not clear whether IAS 12 required recognition of deferred taxes for these temporary differences or whether the initial recognition exemption applied. That exemption prohibits an entity from recognising deferred tax assets and liabilities on initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable profit.

The Board amends IAS 12 to provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a decommissioning provision and the corresponding decommissioning asset. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences related to leases and decommissioning obligations and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early application of the amendments is permitted.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)

The amendment to *IFRS 17 Insurance contracts* is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The Amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

There is no material impact expected on the Group's figures or accounting policies from the adoption of these amendments with effect from 1 January 2023.

4 Significant accounting policies

The significant accounting policies applied in the preparation of these special purpose consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless stated otherwise.

The Group has consistently applied the following accounting policies to all years presented in these special purpose consolidated financial statements.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit and loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

(ii) Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree.

Acquisition related costs are expensed as incurred and included in administrative expenses as part of 'Other operating expenses', except if related to the issue of debt or equity securities.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Those petroleum reserves and resources that are able to be reliably measured are recognised in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, '*Financial Instruments'*, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit and loss immediately. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a CGU and part of the operation in that unit or location is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(iii) Non-controlling interests ('NCI')

NCI are measured at their proportionate share of the investment's identifiable net assets at the acquisition date. Adjustments to NCI arising from transactions that do not involve loss of control are based on a proportionate amount of the net assets of the investment.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset, depending on the level of influence retained. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(v) Interests in joint arrangements

IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

A *joint operation* is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

These special purpose consolidated financial statements include transactions of non-operated Production Sharing Contracts ('PSCs') that classify as joint operations.

Where the Group's activities are conducted through joint operations, the Group recognises its share of the jointly held assets and liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint operation's output, together with its share of the expenses incurred by the joint operation, and any expenses it incurred in relation to its interest in the joint operation and a share of production.

The Group combines its share of the jointly held assets and liabilities, income and expenses of the joint operation with similar items, line by line, in its special purpose consolidated financial statements.

A *joint venture* is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group's investment in its joint ventures is accounted for using the equity method.

(vi) Reimbursement of the Joint Venture operator's costs

When the Group, acting as an operator, receives reimbursement of direct costs recharged to the joint venture, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint venture and therefore have no effect on profit and loss.

When the Group charges a management fee (based on a fixed percentage of total costs incurred for the year) to cover other general costs incurred in carrying out the activities on behalf of the joint venture, it is not acting as an agent. Therefore, the general overhead expenses and the management fee are recognised in profit and loss as an expense and income, respectively.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Related parties

The Group considers all legal entities that can be controlled, jointly controlled or significantly influenced to be related parties.

Also, entities which can control the Company are considered a related party, as well as all legal entities that can be controlled, jointly controlled or significantly influenced by the Company's members.

In addition, the Group considers the members of the Board of Directors and Supervisory Board as key management personnel and as related parties as defined by IAS 24.

Revenue recognition

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. As such, revenue is recognised when control of the goods or service transfers to the customer, it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The measurement of revenue, when a performance obligation is satisfied, is based on the amount of the transaction price (excluding estimates of variable consideration that are constrained) that is allocated to that performance obligation, excluding discounts, sales taxes, excise duties and similar levies.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognised is the net amount of commission made by the Group. The Group has concluded that it is acting as a principal in all of its revenue arrangements, as described below:

(i) Sales of crude oil and natural gas

Revenue from the sale of crude oil and natural gas is recognised when control of the goods transfers to the customer. The transfer of control of the crude oil and natural gas sold by the Group usually coincides with title passing to the customer and the customer taking physical possession. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Crude oil transaction prices under fixed forward contracts are based on the agreed contract price plus or minus a premium based on an arithmetical average of the mean in quoted market prices for the previous month of the bill of lading. The performance obligation is satisfied and payment is due upon delivery, FOB, to the buyer. At this point in time, at the bill of lading date, a trade receivable is recognised and there are generally 30 days between revenue recognition and payment. There are no obligations for returns, refunds, warranties nor other obligations when control has been transferred.

The Group principally satisfies its performance obligations at a point in time and the amounts of revenue recognised relating to performance obligations satisfied over time are not significant.

Revenue from crude oil transactions not covered under fixed forward contracts, arises from the production and lifting of crude oil on an 'entitlements' basis. Under the entitlements method, revenue reflects the Group's share of production under the terms of the relevant production sharing contracts, regardless of which participant has actually made the sale and invoiced the production. This is achieved by applying the following approach in dealing with imbalances between actual sales and entitlements:

- Crude oil entitlement *underlifts* are recognised at the market price of oil at the date of lifting. The excess of product sold during the period over the participant's ownership share of production is recognised by the Group (acting as underlifter) as an asset in Trade and other receivables with a corresponding credit to Cost of Sales. The Group's underlift receivable is the right to receive additional oil from future production without the obligation to fund the production of that additional oil.

- Crude oil entitlement *overlifts* are treated as a purchase of crude oil by the overlifter from the underlifter and are also recognised at the market price of oil at the date of lifting. The excess of product purchased during the period over the participant's ownership share of production is recognised by the Group (acting as overlifter) as a liability in Trade and other payables with a corresponding charge to Cost of Sales. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production.

Revenues resulting from the production of oil under Production Sharing Contracts ('PSCs') is recognised for those amounts relating to the Group's cost recoveries and the Group's share of the remaining production. Sales between group companies are based on prices generally equivalent to commercially available prices.

(ii) Tax oil revenue

According to the production-sharing agreements ('PSAs'), the share of the profit oil ('PPT') to which the government is entitled in any calendar year, in accordance with the PSA, is deemed to include a portion representing the corporate income tax imposed upon and due by the Group.

As the tax oil lifted by the operator on behalf of the Group is sold to 3rd party customers and proceeds are used to settle the Group's tax liabilities, this share of PPT is considered to be within the scope of IFRS 15, '*Revenue from contracts with customers*'. Consequently, this portion of income tax and revenue is presented gross in profit and loss. ITC utilised is recognised as 'Other operating income'.

(iii) Royalties

Obligations arising from royalty arrangements and other types of taxes that do not satisfy the criteria of IAS 12 *'Income Taxes'* are accrued and included in 'Cost of sales'. This is considered to be the case when the royalties are imposed under government authority and the amount payable is based on physical quantities produced or as a percentage of revenue, rather than taxable income. The equivalent amount of royalties is also presented in revenues to differentiate between the portion of revenue lifted by the operator on behalf of the Group to settle the Group's royalty liabilities and the associated royalties as part of 'Cost of sales'.

(iv) Sale of goods

Revenue on the sale of equipment is recognised when the performance obligation is satisfied and payment is due, which is generally upon receipt of the equipment by the buyer. At this point, control of the equipment transfers to the buyer, recovery of the consideration is probable, the associated costs and possible return of the equipment can be estimated reliably, there is no continuing management involvement with the equipment, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of control can however vary depending on the individual terms of the sales agreement. For sales of equipment, usually transfer occurs when the good is delivered to the buyer's warehouse; however, for some international shipments the transfer occurs on loading the goods onto the relevant carrier at the port. Generally, for such goods the buyer has no right of return.

There are generally 30 days between recognition of revenue and payment. Also, given each sale of equipment represents an enforceable contract and all performance obligations are satisfied at that time, there are no remaining performance obligations (unsatisfied or partially unsatisfied) requiring disclosure.

(v) Government grants

The Group recognises an unconditional government grant, such as investment tax credits, in profit and loss as 'Other operating income' when the grant becomes receivable.

Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in profit and loss as 'Other operating income' on a systematic basis, necessary to match them with the costs they are intended to compensate.

Production costs

The costs of producing oil from a developed well are charged to the income statement in the period in which they are incurred. Production costs mainly relate to lifting costs from personnel, material and services from 3rd parties.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the net gain or loss on hedging instruments that are recognised in profit or loss; and
- the reclassification of net gains previously recognised in other comprehensive income (OCI).

(i) Interest income and expense

Interest income or expense is recognised using the effective interest method. Interest income mainly relates to earnings on the Group bank accounts and deposits.

When financial assets are impaired, the Group reduces the carrying amounts to their recoverable amounts, being the estimated future cash flow discounted at the original effective interest rate of the instruments and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original effective interest rate.

(ii) Dividend income

Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established.

Employee benefits

Only for its employees in Nigeria, the Group operates various post-employment schemes, including a defined contribution pension plan and other post-employment plans.

(i) Pension obligations

Under the Group's defined contribution pension plan, the Group pays fixed contributions to a fund held by a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employees' service in the current and prior periods.

For its defined contribution plan, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group operates a contributory retirement benefit plan for its employees in accordance with the Pension Reforms Act of 2014. Contributions to the plan are made at 8% of basic, housing and transport allowances for the employees and 11% for the Group. The contribution is paid to a third party fund manager as agreed with members of the staff. The fund manager renders monthly accounts to members of staff.

(ii) Gratuity scheme

Lump-sum benefits payable on retirement, termination or resignation of employment are accrued over the service life of the employee concerned. This is a defined benefit plan that defines the amount of gratuity benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of the defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related gratuity obligation. In Nigeria, where there is no deep market in such bonds, the market rates on government bonds are used. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income. The Group's scheme is not funded.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the Group recognises costs for a restructuring that is within the scope of IAS 37, '*Provisions, Contingent Liabilities and Contingent Assets',* and involves the payment of termination benefits.

In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Remeasurements are recognised in profit and loss in the period in which they arise. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The Group did not grant any share-based payment awards to its board members and employees.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In these cases, tax is also recognised directly in equity or in other comprehensive income, respectively.

In addition to corporate income taxes, typical exploration and production taxes on the Group's crude oil operations in Nigeria, such as Petroleum Profits Tax ('PPT'), Education Tax and related investment tax credits, are disclosed as income taxes. These Nigerian petroleum taxes are provided in accordance with the Petroleum Profits Tax Act (PPTA) CAP. P13 Vol. 13 LFN 2004 and the Finance (Miscellaneous Taxation Provisions) Decree No.18 of 1998.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates (and laws) that are expected to be applied to temporary differences when the related deferred income tax asset is realised or the deferred income tax liability is settled, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(iii) Production-sharing arrangements

The current rate of petroleum profits tax ('PPT') in Nigeria is 50% for the contract area for companies operating under Production Sharing Contracts ('PSCs') with the Nigerian National Petroleum Corporation ('NNPC'). Education tax is assessed at 2% of the assessable profits. For some of its qualifying capital expenditure ('QCE'), the Group is entitled to claim an investment tax credit ('ITC') at the rate of 50% of the QCE incurred, either wholly or exclusively or necessarily for the purposes of its petroleum operations.

According to the production-sharing agreements ('PSAs'), the share of the profit oil ('PPT') to which the government is entitled in any calendar year, in accordance with the PSA, is deemed to include a portion representing the corporate income tax imposed upon and due by the Group. As the tax oil lifted by the operator on behalf of the Group is sold to 3rd party customers and proceeds are used to settle the Group's tax liabilities, this share of PPT is considered to be within the scope of IFRS 15, '*Revenue from contracts with customers*'. Consequently, this portion of income tax and revenue is presented gross in profit and loss. ITC utilised is recognised as 'Other operating income'.

(iv) Royalties

Royalties are accounted for under IAS 12 *'Income Taxes'* when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income; rather than physical quantities produced or as a percentage of revenue. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are accrued and included in 'Cost of sales'. The royalties payable by the Group are considered not to meet the criteria to be treated as part of income taxes and are therefore included in 'Cost of sales'.

Oil exploration, evaluation and development expenditure

Oil exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting. Costs are accumulated on a field-by-field basis. For purpose of impairment testing, management has assessed its cash-generating units ('CGUs') as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

Capitalised expenditure relating to the Group's carried interest is recorded in line with the Group's accounting policy. Cost recoveries made out of production from the carried interest are credited to the appropriate asset.

(i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised in intangible assets as part of 'Exploration and evaluation assets'. Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs is written off through profit and loss.

Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to 'Oil and gas properties' and classified as development and production assets. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

(iii) Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Geological and geophysical costs are recognised in profit and loss as incurred.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through profit and loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. Exploration costs capitalised in respect of exploration wells that are more than 12 months old are written-off, unless (a) proved reserves are booked, or (b.1.) commercially producible quantities of reserves have been found and (b.2.) the wells are subject to further exploration or appraisal activity in that either drilling or additional exploratory wells is underway or firmly planned for the near future or other activities are being undertaken to sufficiently progress the assessing of reserves and the economic and operating viability of the project. When this is no longer the case, the costs are written off through profit and loss.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (when required) any impairment loss is recognised, then the remaining balance is transferred to ‘Oil and gas properties’ and classified as development and production assets. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognised.

(iv) Farm in / outs in the exploration and evaluation phase

A farm in / farm out is when the owner of a working interest (the farmor) transfers all or a portion of its working interest to another party (the farmee) in return for the farmee’s performance of some agreed upon action. If the farmee agrees to undertake exploration, drill well(s), or develop the property, the farmor transfers all or a portion of the working interest in the property to the farmee.

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal in ‘Other operating income’.

Oil and gas properties

Oil and gas properties are aggregated exploration and evaluation tangible assets, and development expenditures associated with the production of proved and probable reserves. Development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within ‘Oil and gas properties’. These assets are depreciated/amortised on a unit-of-production (‘UoP’) basis over the total proved and probable reserves (‘2P’) of the field concerned from the commencement of production, taking into account future development expenditures necessary to bring those reserves into production. Facilities included in oil and gas production assets are depreciated on a straight-line basis over the economic useful life of the field concerned.

(i) Initial recognition

Oil and gas properties are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets, borrowing costs.

Qualifying assets are those that necessarily take a substantial period of time to build and from which future benefits accrue to the Group. Capitalisation continues up to the date that all the substantial activities necessary to get the asset ready for its intended use are complete.

Capitalised expenditure relating to the Group's carried interest is recorded in line with the Group's accounting policy. Cost recoveries made out of production from the carried interest are credited to the appropriate asset category.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is derecognised.

When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

(ii) Depreciation/amortisation

Oil and gas properties are depreciated/amortised from the commencement of production, on a unit-of-production basis, which is the ratio of oil and gas production in the period to the estimated quantities of the total proved and probable reserves ('2P') at the end of the period plus the production in the period, on a field-by-field basis. Facilities included in oil and gas production assets are depreciated on a straight-line basis over the economic useful life of the field concerned.

Costs used in the unit of production calculation and straight-line depreciation comprise the net carrying amount of capitalised costs plus the estimated future field development costs. Changes in the estimates of reserves or future field development costs are dealt with prospectively.

Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

Rights and concessions are depleted on the unit-of-production basis over the total proved and probable reserves of the relevant area.

(iii) Major maintenance, inspection and repairs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset, that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

(iv) Development and production asset swaps

Exchanges of development and production assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the amount given up. A gain or loss is recognised on the difference between the carrying amount of the asset given up and the fair value of the asset received in profit and loss.

(v) Farm in / outs outside the exploration and evaluation phase

In accounting for a farm-out arrangement outside the exploration and evaluation phase, the Group:

- Derecognises the proportion of the asset that it has sold to the farmee.
- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor.
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is only recognised when the value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets.
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent.

The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Any part of the consideration that is receivable in the form of cash is treated as a definition of a financial asset and is accounted for at amortised cost.

Other property, plant and equipment

(i) Initial recognition

Other property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. This category includes cost of movable assets, which are also allocated over the other asset categories, depending on the phase of the Group's operations.

An item of 'Other property, plant and equipment' is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised.

(ii) Depreciation/amortisation

Depreciation and amortisation are provided at different rates calculated to write-off the cost less estimated residual value of each asset over its productive life:

Plant and equipment	20 - $33^1/_3$%
Buildings and improvement	20%

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period, and adjusted prospectively, if appropriate.

Impairment of non-financial assets

Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use. For further detail refer to the note 'Significant accounting judgements, estimates and assumptions'.

Impairment – oil and gas production properties

Oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, and is calculated with reference to total proved and risk-adjusted probable reserves ('2P'). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. For further detail refer to the note 'Significant accounting judgements, estimates and assumptions'.

Impairment losses of continuing operations, including impairment of inventories, are recognised in profit and loss in those expense categories consistent with the function of the impaired asset.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit and loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short-term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in profit and loss in the period in which they are incurred. Management considers exploration and evaluation assets non-qualifying assets, unless they meet the 'probable economic benefits' test. Any related borrowing costs incurred during this phase are recognised in profit and loss in the period in which they are incurred.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The classification of a financial assets depends on the business model of an entity and on the cash flows associated with each financial asset. The classification of a financial liability depends on the purpose for which the financial liability was acquired. Management determines the classification of the Group's financial assets and liabilities at initial recognition.

Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss, as appropriate.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI-test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(a) Financial assets *at amortised cost* (debt instruments)

(b) Financial assets *at fair value through OCI with recycling* of cumulative gains and losses (debt instruments)

(c) Financial assets designated *at fair value through OCI with no recycling* of cumulative gains and losses upon derecognition (equity instruments)

(d) Financial assets *at fair value through profit or loss*

The Group currently does not have any financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) or any financial assets at fair value through profit or loss.

(a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's financial assets at amortised cost include 'trade and other receivables'.

(b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI include its fixed oil price swaps included under current and non-current derivative financial instruments.

(c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32, '*Financial Instruments: Presentation'* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI-test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- the economic characteristics and risks are not closely related to the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
- the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a *12-month ECL*). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a *lifetime ECL*).

For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and trade and other payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings, including bank overdrafts.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

The Group currently does not have any financial liabilities at fair value through profit or loss.

(b) Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing ‘loans and borrowings’ and ‘trade and other payables’. These are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

(c) Derivatives designated as hedging instruments in an effective hedge

For recognition and measurement of the Group’s derivatives designated as hedging instruments in an effective hedge, refer to the section *Derivative financial instruments and hedge accounting*.

(iii) Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is commodity price risk.

The Group uses forward commodity contracts and fixed price oil swaps to hedge its commodity price risk. On the forward commodity contracts hedge accounting is not considered applicable as the own-use exception applies: the Group does not enter into physical oil contracts other than to meet the Group’s expected sales requirements. These arrangements therefore fall outside the scope of IFRS 9 and are classified as normal sales contracts that are accounted for on an accrual basis.

(i) Initial recognition and subsequent measurement

The Group’s derivative financial instruments, such as the fixed price oil swaps, are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

(a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

(b) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

(c) Hedges of a net investment in a foreign operation.

The Group's fixed price swaps are designated as cash flow hedges and are entered into for periods consistent with crude oil price exposure of the underlying transactions, generally from 13 to 36 months.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group's cash flow hedges that meet all the qualifying criteria for hedge accounting are accounted for as follows: the Group designates all of the fixed price swaps as hedging instrument. Any gains or losses arising from changes in the fair value of these derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Inventories

Inventories mainly comprise materials. These are stated at the lower of cost and net realisable value. Purchase cost includes costs of bringing material inventory to their present location and condition, including freight and handling charges. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

If carrying value exceeds the net realisable amount, a write down is recognised. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Trade receivables

Trade receivables are amounts due from customers for crude oil and gas sold or services performed in the ordinary course of business and represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. Cash and cash equivalents include cash at hand and bank account balances.

All highly liquid investments with an original maturity of three months or less at date of purchase are considered to be cash equivalents.

In the statement of cash flows, cash and cash equivalents include cash at hand, cash balances with banks, other short-term highly liquid investments with original maturity of three months or less and bank overdrafts.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in profit and loss.

(ii) Decommissioning liability

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas properties to the extent that it was incurred by the development/construction of the field.

Changes in the estimated timing of decommissioning or changes to the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas properties.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is immediately taken to profit and loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the estimate for the revised value of oil and gas properties net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit and loss as a finance/accretion cost. The corresponding charge on the asset is amortised using the UoP-method.

The Group recognises a deferred tax asset in respect of the temporary difference on the decommissioning liability and a corresponding deferred tax liability in respect of the temporary difference on the decommissioning asset.

(iii) Environmental expenditures and liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognised is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognised is the present value of the estimated future expenditure.

(iv) Restructuring provisions

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Historically, restructuring provisions mainly comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Dividend distribution

Dividend distribution to the Group's members is recognised as a liability in the special purpose consolidated financial statements in the year in which the dividends are approved by the members.

Consolidated statement of cash flows

The special purpose consolidated statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are translated at average exchange rates. Exchange rate differences affecting cash items are shown separately in the statement of cash flows. Receipts and payments with respect to taxation on profits are included in the cash flow from operating activities. Interest payments are included in cash flows from financing activities while interest receipts are included in cash flows from investing activities. Cash flows from derivatives, if any, are recognised in the statement of cash flows in the same category as those of the hedged item.

Operating segment information

The Group is exempted from presenting financial information on its reportable segments under the requirements of IFRS 8 '*Operating segments*'.

5 Revenue

Revenue represents the value of the Group's share of crude oil and natural gas produced in Nigeria, with any excess or deficit of crude oil sold over its entitlement share of production recognised in 'Cost of sales'.

	2021	**2020**
	USD 1,000	USD 1,000
Crude oil revenue	1,006,957	1,216,386
Gas revenue	98,700	-
Crude oil PPT	83,835	50,659
Royalties	30,818	25,115
Total revenue from contracts with customers	**1,220,310**	**1,292,160**

The Group's crude oil production entitlements in barrels is adjusted for non-cash royalties charged on its share of production from OML 127 in the equivalent of USD 30.8 million (2020: USD 25.1 million). Also refer to note 6 to these special purpose consolidated financial statements.

In 2021, out of total revenue from contracts with customers amounting to USD 1,220 million (2020: USD 1,292 million), an amount of USD 1,007 million (2020: USD 1,177 million) relates to the Group's sales of crude oil to customers pursuant to contracts by which the price of crude oil is based on fixed prices under forward sales contracts. Under the conditions of the PXF facility, currently 90% of the Group's cargos is to be delivered to one of the lenders.

With effect from July 2018, sellers Sapetro, Tupni and Prime 130 sell their 50% interest of gas available in commercial quantity from OML 130 to the joint-venture of NNPC (60%) and TEPNG (40%) pursuant to the OML 130 PSA Gas Sale and Purchase Agreement ('GSPA'). Total OML 130 PSA gas exported over the year amounted to 263.19 mmbtu (2020: 192.51 mmbtu), on which Prime 130's entitlement share is 32%. Upon the signing of the GSAP mid-2021, the Group recognised its past and present entitlement on the natural gas sold of 84.22 mmbtu, representing a sales value of USD 99 million.

According to the production-sharing agreements ('PSAs'), the share of the profit oil ('PPT') to which the Nigerian government is entitled in any calendar year in accordance with the PSA, is deemed to include a portion representing the corporate income tax imposed upon and due by the Group. As the tax oil lifted by the operator on behalf of the Group is sold to 3rd party customers and proceeds are used to settle the Group's tax liabilities, this share of PPT is considered to be within the scope of IFRS 15. Consequently, this portion of income tax and revenue is presented gross in the income statement.

The Group's revenue from underlift is the revenue recognised on the right to receive additional oil from future production without the obligation to fund the production of that additional oil. The Group considers underlift transactions outside the scope of IFRS 15 as the counterparty to the transactions does not meet the definition of a customer and the Group has not received output from the joint operation beyond sales made by it to its customers. Consequently, underlift balances are recorded as a receivable from partners, within 'Trade and other receivables', with a corresponding credit to 'Cost of sales'. Also refer to note 6 to these special purpose consolidated financial statements.

6 Cost of sales

	2021	2020
	USD 1,000	USD 1,000
Production costs	165,077	149,588
Royalties	105,674	25,115
Cost/(income) from overlift	8,702	(43,845)
Income from underlift	(40,784)	(9,206)
Depreciation	303,387	447,786
Total cost of sales	**542,056**	**569,438**

Production costs mainly relate to lifting costs from personnel, material and services from 3rd parties.

Obligations arising from royalty arrangements are considered not to satisfy the criteria of IAS 12 *'Income Taxes'* as the royalties charged are imposed under government authority and the amount payable is based on physical quantities produced rather than taxable income. Royalties have been charged on the Agbami field in the amount of USD 31 million (2020: USD 25 million) and on the Akpo field in the amount of USD 75 million (2020: nil), out of which USD 5 million (2020: nil) relates to royalties charged on natural gas. The royalties on oil from the Akpo field were previously not accrued as it was uncertain whether these applied under the former fiscal regime in Nigeria. With the enactment of the Petroleum Industry Act on 16 August 2021, these uncertainties have been resolved.

The excess of crude oil purchased during the year over its entitlement share of production is recognised by the Group (acting as overlifter) as a liability in Trade and other payables with a corresponding charge to 'Cost of sales'. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production. The cost from overlift in the amount of USD 9 million concerns the negative impact on income from the recognition of overlift payables per balance sheet date in the same amount. Also refer to note 26 to these special purpose consolidated financial statements.

The income from underlift in the amount of USD 41 million concerns the positive net impact on income from the recognition of underlift receivables of USD 84 million per balance sheet date, partially offset by the reversal of prior year underlift balances amounting to USD 43 million. Also refer to note 18 to these special purpose consolidated financial statements.

Depreciation relates to the Group's oil production assets in Nigeria. Total depreciation in 2021 amounted to USD 303,507 thousand (2020: USD 447,906 thousand), of which USD 303,387 thousand (2020: USD 447,786 thousand) related to the Group's oil production assets in Nigeria and USD 120 thousand (2020: USD 120 thousand) to other asset categories. These latter expenses are included in 'Other operating expenses' (also refer to note 9 to these special purpose consolidated financial statements).

7 Other operating income

	2021 USD 1,000	2020 USD 1,000
Investment tax credits utilised	355,393	99,308
Other operating income	197	1,016
Total other operating income	**355,590**	**100,324**

For some of its qualifying capital expenditure ('QCE'), the Group is entitled to claim an investment tax credit ('ITC') at the rate of 50% of the QCE incurred, either wholly or exclusively or necessarily for the purposes of its petroleum operations. This is a government tax credit which can be offset with Petroleum Profit Tax ('PPT') and serves as an incentive for investments in the exploration of oil and gas in the deep offshore waters of Nigeria.

The Group recognised investment tax credits of USD 355 million (2020: USD 99 million) as 'Other operating income'.

The movement in the Group's available investment tax credits is as follows:

	2021 USD 1,000	2020 USD 1,000
At 1 January	453,720	547,099
Investment tax credits generated	6,055	5,929
Investment tax credits utilised	(355,393)	(99,308)
At 31 December	**104,382**	**453,720**

As at 31 December 2021, the Group has available USD 104 million (2020: USD 454 million) of unclaimed investment tax credits carry forward.

There were no unfulfilled conditions or contingencies during the year.

8 Exploration expenses

	2021 USD 1,000	2020 USD 1,000
Other exploration expenses	3,887	4,368
Total exploration expenses	**3,887**	**4,368**

Other exploration expenses in 2021, amounting to USD 4 million (2020: USD 4 million), mainly relate to the Group's exploration activities in Nigeria and do not include costs for dry wells.

Exploration expenses were mainly paid to operators, through cash calls, for seismic and other exploratory expenses.

9 Impairment charges oil and gas properties

	2021 USD 1,000	2020 USD 1,000
Impairment charges - Oil and gas properties	-	289,482
Total impairment charges	**-**	**289,482**

In prior year, impairments related to the Prime 130 oil production assets in Nigeria amounted to USD 289,482 and were mainly caused by the sharp reduction in oil prices and the corresponding effect on investment plans and asset valuations. Also refer to note 13 to these special purpose consolidated financial statements.

10 Other operating expenses

	2021 USD 1,000	2020 USD 1,000
Staff cost	10,716	13,149
NDDC Levy	8,086	6,156
Sales expenses	1,447	980
Other operating expenses	8,131	7,350
Total other operating expenses	**28,380**	**27,635**

NDDC Levy concerns Niger Delta Development Commission imposed by a regulatory body in Nigeria to fund the sustainable development of the Niger Delta region.

Staff cost

	2021 USD 1,000	2020 USD 1,000
Wages and salaries	9,202	8,178
Pension costs - defined benefit plan	99	3,260
Other employee benefits	1,415	1,711
Total staff costs	**10,716**	**13,149**

Staff costs include an amount of USD 4,559 thousand for remuneration of the Board of Directors (2020: USD 3,180 thousand). An amount of USD 2,854 thousand (2020: USD 1,779 thousand) relates to short-term benefits and USD 1,705 thousand (2020: USD 1,401 thousand) to other long-term benefits.

The Supervisory Board members of the Group did not receive any remuneration during the year (2020: USD nil).

	2021	2020
	Number	Number
Administration, HR and IT	5	10
Finance & Commercial	7	10
Legal	3	3
Management	2	2
Technical & Assets	11	15
Average number of employees	**28**	**40**

During the year 2021, the Group's average number of employees calculated on a full-time-equivalent basis amounted to 28 (2020: 40).

In 2021, 17 employees were employed in the Netherlands (2020: 22).

11 Finance result

The composition of the Group's finance result is as follows:

	2021	2020
	USD 1,000	USD 1,000
Interest income	417	1,262
Income from decommissioning revision	-	41,967
Other financial income	1	11,166
Total finance income	**418**	**54,395**
Interest expense	(46,048)	(81,399)
Accretion expense	(15,375)	(16,995)
Other finance costs	(38,957)	(32,026)
Total finance costs	**(100,380)**	**(130,420)**
Net finance costs	**(99,962)**	**(76,025)**

Interest income relates to income recognised on the Group's bank balances and deposits of USD 0.5 million (2020: USD 1 million).

In prior year, Other financial income mainly related to the one-time release of accrued interest of USD 11 million on the amended Reserve Based Lending ('RBL') facility in accordance with the effective interest rate method.

Interest expense over 2021 amounting to USD 46 million (2020: USD 81 million) relates to interest incurred on the RBL facility in the amount of USD 45 million (2020: USD 81 million) and interest incurred on the PXF facility in the amount of USD 1 million (2020: nil). The aggregated principal balances of the facilities per year-end amount to respectively USD 867 million (2020: USD 1,303 million) and USD 150 million. Also refer to note 22 of these special purpose consolidated financial statements.

Accretion expense of USD 15 million (2020: USD 17 million) represents the periodic increase of the discounted present value of the decommissioning provision in Nigeria, based on a discount rate that reflects current market assessments and the risks specific to the liability.

Other finance costs mainly relate to losses recognised on the settlement of fixed oil price swaps of USD 31 million (2020: loss of USD 15 million) and amortisation expense on the capitalised transaction fees of the amended RBL facility amounting to USD 7 million (2020: USD 13 million).

12 Income tax

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 December 2021 and 2020 are:

	2021 USD 1,000	2020 USD 1,000
Corporate income tax		
Income tax Nigeria	27,578	-
Deferred tax (see below)	38,097	(30,281)
Total corporate income tax	**65,675**	**(30,281)**
Other current tax		
Petroleum Profits Tax (PPT)	439,228	149,967
Education tax	27,728	14,809
	466,956	**164,776**
Total current tax	**494,534**	**164,776**
Deferred tax (see below)	(72,601)	(146,387)
Total tax expense/(credit) in statement of profit or loss and OCI	**460,030**	**(11,892)**

Income taxes differ from the amount calculated by multiplying the Dutch statutory corporate income tax rate by the profit before income taxes. This is mainly due to the current rate of Petroleum Profits Tax in Nigeria amounting to 50% for companies operating under Production Sharing Contracts with the Nigerian National Petroleum Corporation and income not subject to tax. The effective income tax rate was 51% (2020: -2.8%). In 2021, the statutory income tax rate in the Netherlands was 25% (2020: 25%).

Current income tax assets and liabilities

The current income tax liability as at 31 December 2021 in the amount of USD 28 million (2020: nil) relates to corporate income tax payable on the Group's natural gas recognised in Nigeria from OML 130 at a tax rate of 30% (2020: 30%).

Deferred income tax assets

The Group has USD 988 million (2020: USD 763 million) of tax losses carried forward that are available for offsetting against future taxable profits. These losses have been incurred mainly from the impairment on license acquisition costs and dry wells in Angola, Benin, Gabon and Namibia, and have been claimed for the years in which the branches ceased operations. As of 1 January 2022, the total tax losses of USD 988 million are indefinitely available for offset.

At year-end 2021, the Company's deferred tax asset recognised amounts to USD nil (2020: USD 38 million).

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Deferred tax assets		
- Deferred tax assets to be recovered after more than 12 months	-	13,790
- Deferred tax assets to be recovered within 12 months	-	24,307
Total deferred tax assets	**-**	**38,097**

The total decrease in deferred tax assets by USD 38 million mainly results from a decrease in projected taxable profits in relation to the Company's fixed forward contracts on oil sales. Over 2020, the deferred tax asset increased by USD 30 million from USD 8 million to USD 38 million, mainly resulting from an overall increase in projected taxable profits.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

In its assessment of the Company's future taxable profits over the period of loss carry-forward, management considered both favourable and unfavourable evidence. The focal point in the assessment has shifted from the strong earnings history on the long-term intercompany financing contracts between the Company and its Nigerian subsidiaries to the projected results on the Company's fixed forward contracts. These are considered the most objective evidence in assuming future profitability when assessing the extent to which a deferred tax asset on the Company's cessation losses can be recognised.

On this basis, the Group determined that it currently cannot recognise deferred tax assets on the tax losses carried forward.

Deferred income tax liabilities

Deferred income tax liabilities are recognised for the timing difference of depreciation on the Group's Nigerian assets for tax purposes (accelerated) compared to accounting purposes.

Of the deferred tax liabilities as at 31 December 2021 of USD 1,213 million (2020: USD 1,285 million), USD 73 million (2020: USD 78 million) is expected to be recovered within 12 months.

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Deferred tax liabilities		
- Deferred tax liabilities to be recovered within 12 months	73,175	77,524
- Deferred tax liabilities to be recovered after more than 12 months	1,139,501	1,207,753
Total deferred tax liabilities	**1,212,676**	**1,285,277**

The pre-netting movement on the deferred income tax account is as follows:

	2021	2020
	USD 1,000	USD 1,000
Deferred tax assets at 1 January	38,097	7,816
Income statement (charge)/credit	(38,097)	30,281
Deferred tax assets at 31 December	**-**	**38,097**
Deferred tax liabilities at 1 January	1,285,277	1,451,515
Effect from prior period adjustment	-	(19,851) [1]
Deferred tax liabilities at 1 January - restated	1,285,277	1,431,664
Income statement credit	(72,601)	(146,387)
Deferred tax liabilities at 31 December - restated	**1,212,676**	**1,285,277**
Net credit over the year	**(34,504)**	**(176,668)**

[1] Adjusted for accumulated prior years' impact of prior period adjustment. Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

In the financial year, there was no deferred tax recognised on the loss of USD 1 million on derivative financial instruments recognised in OCI. In prior year, deferred tax related to the gain of USD 17 million on derivative financial instruments recognised in OCI amounted to USD 4 million.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

At the level of the Company, there are no income tax consequences attached to the payment of dividends to its members.

13 Oil and gas properties

The movement in the Group's oil and gas properties is as follows:

	Asset Retirement Obligation (ARO)	Development and production assets	Oil and gas properties - total
	USD 1,000	USD 1,000	USD 1,000
At 31 December 2020			
Cost	242,322	6,470,189	6,712,511 [1)]
Accumulated depreciation and impairment	(147,148)	(3,505,605)	(3,652,753)
Net book value at 31 December 2020 - restated	**95,174**	**2,964,584**	**3,059,758** [1)]
At 31 December 2021			
Cost	192,976	6,520,711	6,713,687
Accumulated depreciation and impairment	(159,929)	(3,796,212)	(3,956,141)
Net book value at 31 December 2021	**33,047**	**2,724,499**	**2,757,546**
Reconciliation of net book values			
For the year ended 31 December 2020			
At 1 January 2020	79,797	3,697,124	3,776,921
Effect of prior period adjustment	-	(39,701)	(39,701) [1)]
At 1 January 2020 - restated	**79,797**	**3,657,423**	**3,737,220**
Additions	34,472	25,334	59,806
Impairment	-	(289,482)	(289,482)
Depreciation for the year	(19,095)	(428,691)	(447,786)
Net book value at 31 December 2020 - restated	**95,174**	**2,964,584**	**3,059,758**
For the year ended 31 December 2021			
At 1 January 2021	95,174	2,964,584	3,059,758
Additions	-	50,521	50,521
Revision of decommissioning provision	(49,346)	-	(49,346)
Depreciation for the year	(12,781)	(290,606)	(303,387)
Net book value at 31 December 2021	**33,047**	**2,724,499**	**2,757,546**

[1)] Adjusted for accumulated prior years' impact of prior period adjustment. Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

The Group's additions to development and production assets, before adjustments from movements in the decommissioning provisions, of USD 50 million (2020: USD 25 million) relate for USD 6 million (2020: USD 6 million) to the Agbami field (oil producing), for USD 30 million (2020: USD 2 million) to the Akpo field (oil producing), for USD 13 million (2020: USD 14 million) to the Egina field (oil producing) and for USD 1 million (2020: USD 3 million) to the Preowei development field. Total adjustments from movements in the decommissioning provisions on oil and gas properties amounted to negative USD 49 million (2020: positive USD 34 million). Also refer to note 23 to these special purpose consolidated financial statements.

During the year, one well was completed in the Akpo field. In the Agbami and Egina field there were no additional wells completed. The total number of development wells in each of the fields therefore amounts to respectively 50, 45 and 30.

Depreciation expense of USD 303 million (2020: USD 448 million) has been charged to 'Cost of sales'. Any impairment losses and subsequent reversals are included in a single line item in profit and loss.

In 2020, impairment losses in the amount of USD 289 million have been recognised on the Group's value in use of the Prime 130 oil production assets in Nigeria. These losses mainly resulted from the sharp reduction in oil prices and the corresponding effect on the Group's investment plans and asset valuations. In assessing value in use, the estimated future cash flows were discounted to their present value using pre-tax discount rates of 9.9% and 14.6% for, respectively, the Prime 130 field and the Prime 127 field.

Future oil price level is a key assumption and has significant impact on the net present value. Forecasted oil and gas prices are based on management's estimates and available market data. Information about market prices in the near future can be derived from the futures contract market. The information about future prices is less reliable on a long-term basis, as there are fewer observable market transactions going forward. In the impairment test performed in 2020, the oil prices therefore were based on the forward curve for the first 2 years (USD 38.9/bbl and USD 42/bbl) and on management's long-term price assumptions thereafter (USD 60/bbl). Future capex, opex and abandonment cost are calculated based on the expected production profiles and the best estimate of the related cost. The long-term inflation rate is assumed to be 2.5 percent.

An impairment loss recognised in prior periods may only be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In the financial year, no reversal of impairment loss has been recorded.

The Group considers the Agbami field (Prime 127) as a CGU and the Akpo and Egina field combined (Prime 130) as a CGU. The Akpo and Egina field combined are considered as one CGU resulting from the cost recovery mechanism between these fields. As the Group has government approval for cost recovery in the block where both fields are located, this implies that costs incurred on the development of Egina are being recovered from the production of Akpo. The Group therefore considers these fields combined for impairment testing and tax purposes.

In prior year, a change in the long-term oil price by USD 5/bbl would impact the impairment recognised by approximately USD 175 million. As this illustrative impairment sensitivity assumed no changes to other input factors, a further price reduction is likely to result in changes in business plans as well as other factors used when estimating an asset's recoverable amount. Changes in such input factors would likely significantly reduce the actual impairment amount compared to the illustrative sensitivity above.

In the net book value of oil and gas properties, no amount of capitalised borrowing costs is included.

Under the conditions of the RBL and PXF facility, the production assets of the Nigerian entities Prime 127 and Prime 130 are secured. Also refer to note 30 to these special purpose consolidated financial statements.

14 Other property, plant and equipment

The movement in the Group's other property, plant and equipment is as follows:

	Plant and equipment	Buildings and improvement	Total
	USD 1,000	USD 1,000	USD 1,000
At 31 December 2020			
Cost	165	498	663
Accumulated depreciation	(84)	(148)	(232)
Net book value at 31 December 2020	**81**	**350**	**431**
At 31 December 2021			
Cost	113	487	600
Accumulated depreciation	(54)	(235)	(289)
Net book value at 31 December 2021	**59**	**252**	**311**
Reconciliation of net book values			
For the year ended 31 December 2020			
At 1 January 2020	104	447	551
Depreciation for the year	(23)	(97)	(120)
Net book value at 31 December 2020	**81**	**350**	**431**
For the year ended 31 December 2021			
At 1 January 2021	81	350	431
Depreciation for the year	(22)	(98)	(120)
Net book value at 31 December 2021	**59**	**252**	**311**

Plant and equipment amounting to USD 59 thousand (2020: USD 81 thousand) mainly relates to IT and other equipment in the Company's office in The Netherlands.

In 2021 and 2020, no impairments have been recognised.

Buildings and improvement amounting to USD 252 thousand (2020: USD 350 thousand) relate to the capitalised refurbishment expenditure of the leased office in The Netherlands.

At 31 December 2021 and 2020, none of the Group's other property, plant and equipment were subject to a registered debenture or other form of security.

15 Other receivables

The composition of the Group's non-current other receivables is as follows:

	31 December 2021	31 December 2020
	USD 1,000	USD 1,000
Loans to employees	343	439
Total other receivables	**343**	**439**

Loans to employees presented are due within one to five years and do not bear interest. The part of the loans that fall due within one year after balance sheet, in the amount of USD 0.2 million (2020: USD 0.2 million), are presented as 'Other receivables' in note 18 to these special purpose consolidated financial statements.

16 Derivative financial instruments

The composition of the Group's derivative financial instruments is as follows:

	31 December 2021 USD 1,000	**31 December 2020** USD 1,000
Fixed price swaps – cash flow hedges		
Current	-	6,466
Total derivative financial instrument assets	-	**6,466**
Fixed price swaps – cash flow hedges		
Current	-	5,349
Total derivative financial instrument liabilities	-	**5,349**

The Company uses fixed price oil swaps to hedge its commodity price risk and designates all of the fixed price swaps as cash flow hedges considering its objective to hedge the exposure to variability in cash flows attributable to highly probable forecast crude oil sales transactions. The swaps are entered into for periods consistent with crude oil price exposure of the underlying transactions, generally from 13 to 36 months.

The fixed price oil swaps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of these derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss. During the year, upon full settlement of the remaining portion of the Group's fixed price oil swaps, a loss of USD 31 million (2020: loss of USD 15 million) has been reclassified to Other finance result. Also refer to note 11 to these special purpose consolidated financial statements.

Considering that the entire portion of the cash flow hedges was assessed to be effective, the loss on the change in fair value amounting to USD 1 million (2020: gain of USD 17 million) was recognised in OCI (also refer to note 21 to these special purpose consolidated financial statements).

17 Inventories

The composition of the Group's inventories is as follows:

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Materials and supplies	86,913	77,009
Total inventories	**86,913**	**77,009**

Materials and supplies mainly concern goods to be used in the oil production process of Nigeria. Write-downs and reversals, if any, are included in note 10 'Other operating expenses'.

During 2021, there were no inventories written down to net realisable value (2020: USD nil).

18 Trade and other receivables

The composition of the Group's trade and other receivables is as follows:

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Trade receivables	164,301	95
Crude oil underlift	83,938	43,154
Short-term receivables with partners, net	34,032	42,950
Other receivables	280	294
Total trade and other receivables	**282,551**	**86,493**

Trade receivables amounting to USD 164 million (2020: USD 0.1 million) mainly concerns the USD 99 million receivable from the joint-venture of NNPC (60%) and TEPNG (40%) pursuant to the OML 130 PSA Gas Sale and Purchase Agreement ('GSPA'). Upon the signing of the GSAP mid-2021, the Group recognised its past and present entitlement on the natural gas sold, representing a sales value of USD 99 million. The balance further includes USD 65 million receivable from the sale of one Egina cargo by the Company in December 2021 for which cash was received in January 2022. The prior year balance related to the remainder of the balance receivable from the sale of one Egina cargo by the Company in November 2020 for which cash was received in January 2021. The Group's proceeds from the oil cargo's sold are secured under the conditions of the RBL and PXF facility. Also refer to note 30 to these special purpose consolidated financial statements.

The excess of crude oil sold during the year over the Group's ownership share of production is recognised as crude oil underlift within 'Trade and other receivables', with a corresponding credit to 'Cost of sales' (also refer to note 6 to these special purpose consolidated financial statements).

The short-term receivables with partners as at 31 December 2021 and 2020 mainly relate to the Group's share in the receivables of its joint operations in Nigeria.

All receivables are due within one year.

Trade receivables and short-term receivables with partners, including crude oil underlift

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Debtors	282,271	86,199
Provision for expected credit losses	-	-
Total debtors, net	**282,271**	**86,199**

All trade and other receivables are due within one year.

Information about the Group's exposure to credit and currency risks is included in note 27 to these special purpose consolidated financial statements.

19 Prepayments and recoverable taxes

The composition of the Group's prepayments and recoverable taxes is as follows:

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Prepaid expenses	134	120
Recoverable taxes	293	369
Total prepayments and recoverable taxes	**427**	**489**

Prepaid expenses relate to advance payments in Nigeria (2020: Nigeria).

Recoverable taxes relate to recoverable VAT amounting to USD 0.3 million (2020: USD 0.4 million) from The Netherlands' and Tanzanian tax authorities. In prior year, recoverable taxes also related to The Netherlands and Tanzania.

20 Cash and cash equivalents

The composition of the Group's cash and cash equivalents is as follows:

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Cash at bank and in hand	196,578	66,564
Deposits with banks	321,300	164,790
Total cash and cash equivalents	**517,878**	**231,354**

Cash and cash equivalents include cash at hand, bank account balances and deposits. The majority of the Group's cash and cash equivalents is denominated in US Dollar. Minor balances are held in

Euro, Nigerian Naira (NGN) and Tanzanian Shilling (TZS). All highly liquid investments with an original maturity of three months or less at date of purchase are considered to be cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is equal to the nominal value.

The Group only deposits cash surpluses with major banks of high quality credit standing. Also refer to note 27 to these special purpose consolidated financial statements.

As at 31 December 2021, the Group has remaining balances payable under the RBL facility in the amount of USD 867 million (2020: USD 1,303 million) and under the PXF facility in the amount of USD 150 million (2020: USD nil), in respect of which all conditions precedent have been met.

Under the conditions of these facilities (also refer to note 22 to these special purpose consolidated financial statements), the Group provided security over the cash and cash equivalents amounting to USD 190 million that are held within the so-called project accounts in Nigeria and the Netherlands.

21 Equity

Consolidated members' equity consists of equity attributable to the members of Prime Oil & Gas Coöperatief U.A. of USD 584,925 thousand (2020: USD 544,457 thousand).

Equity attributable to the members consists of the following items:

Membership equity interest

As at 31 December 2021, the membership equity interest of sole members BTG (50%) and Petrovida (50%) amounts in total to USD 526,210 thousand (2020: USD 526,210 thousand).

On 17 December 2020, the Company's legal form as Dutch private company with limited liability was converted to a Dutch cooperative with excluded liability, where its shareholders became the members of the Company. The Company's legal entity, including its trade registration number, as well as the economic interests and voting rights in the capital of the cooperative did not change resulting from the conversion.

Upon conversion, the Company's 1,702 ordinary shares of EUR 100 nominal value, which had been issued and paid up (equivalent to issued share capital of EUR 170,200), were cancelled and for an amount of USD 190 thousand credited to the membership accounts. The Company's share premium amounting to USD 526,020 thousand was also credited to the membership accounts. Consequently, per year-end 2020, a total amount of USD 526,210 thousand was credited to the membership accounts.

In accordance with the Articles of Association, each member has the right to withdraw amounts from its membership account, subject to the prior approval of the General Meeting. Such withdrawal or other distribution out of the membership account to a member, can never lead to a negative balance of the respective membership account and can only be done to the extent that the amount of the net assets exceeds the statutory reserves. In the event that a membership of a member terminates, the Company will transfer the positive balance on the respective membership account to the former member.

In accordance with the Member Agreement, the members shall be under no obligation to provide funds to the Company or its subsidiaries by way of debt or equity.

Accumulated OCI

Any gains or losses arising from changes in the fair value of the Group's fixed price oil swaps designated as cash flow hedges, are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in accumulated OCI (also refer to note 16 to these special purpose consolidated financial statements) and later reclassified to profit or loss when the hedged item affects profit or loss.

Retained earnings

As at 31 December 2021, retained earnings amount to USD 17,130 thousand (2020: USD 19,851 accumulated loss).

Over 2021, retained earnings increased by USD 36,981 thousand. This increase resulted from the appropriation of the 2021 profit attributable to membership interests of USD 37,428 thousand, partially offset by USD 447 thousand included in Other comprehensive expense.

In June and July 2021, the Company made distributions to its members of USD 75 million at a time, followed by a distribution of USD 150 million in September and a distribution of USD 100 million in November. These distributions have been allocated in accordance with the respective members' economic interests then held (50/50). No further subsequent distributions have been made as to date.

In February prior year, the Company made distributions to its shareholders of USD 125 million (representing USD 73,443 per issued share). In each of the months March, May, August and October, the Company distributed USD 50 million (representing USD 29,377 per issued share), followed by a distribution of USD 75 million (representing USD 44,066 per issued share) in December. These distributions have been allocated in accordance with the respective shares held (50/50).

Unappropriated result

At the General Meeting, it will be proposed to appropriate the profit of USD 441,585 thousand to retained earnings.

22 Loans and borrowings

The movement and composition of the Group's loans and borrowings is as follows:

	2021	2020
	USD 1,000	USD 1,000
Reserve Based Lending principal - 1st January	1,302,807	1,825,000
(Repayments)/drawdowns during the year	(436,018)	(522,193)
RBL principal - 31st December	**866,789**	**1,302,807**
(-) Capitalised transaction costs	(4,835)	(11,828)
RBL amortised cost value - 31st December	**861,954**	**1,290,979**
(-) Reserve Based Lending principal - current	514,396	493,740
(+) Capitalised transaction costs - current	(3,434)	(6,746)
RBL book value 31st December - current	**510,962**	**486,994**
RBL book value 31st December - non-current	**350,992**	**803,985**
Pre-export Financing principal - 1st January	-	-
(Repayments)/drawdowns during the year	150,000	-
PXF principal - 31st December	**150,000**	-
PXF amortised cost value - 31st December	**150,000**	-
PXF book value 31st December - current	**9,375**	-
PXF book value 31st December - non-current	**140,625**	-
Total loans and borrowings - current	**520,337**	**486,994**
Total loans and borrowings - non-current	**491,617**	**803,985**

On 18 July 2014, the Company signed a seven years Reserve Based Lending ('RBL') with a consortium of banks to fund the capital expenditure requirements of the Group's assets in Nigeria. The conditions of this non-recourse loan are based on the expected present value of future production from the respective Nigerian fields, taking account of factors such as the expected level of reserves, oil price, discount rate, operational and capital expenditure, tax and any future price hedging employed. In November 2018, the RBL facility agreement was amended (hereafter "amended RBL facility") to extend the grace period by 2 years, the final maturity date to mid-2024 and to increase the facility to up to USD 2,000 million – on which the Company obtained underwriting commitments from the lending institutions in the amount of USD 1,825 million. Natixis S.A. is the acting facility agent.

The principal bears interest at Libor + 3.75% for the years 2018 - 2022, starting 6 December 2018, and Libor + 4.00% for the years 2023 - 2024. Repayment of the amended RBL facility occurs in quarterly instalments over a period of 4 year, starting in the second quarter of 2020 and ending in the second quarter of 2024. In 2021, the Company repaid USD 436 million (2020: USD 522 million) on the amended RBL facility, resulting in a remaining principal balance of USD 867 million per year-end 2021 (year-end 2020: USD 1,303 million).

Capitalised transaction costs relate to transaction fees incurred in connection with the signing of the (amended) RBL facility and have been capitalised to the extent that it is probable that some or all of the facility will be drawn down. These transaction fees are amortised over the period of the facility to which it relates and are charged to the income statement as ‘Other finance cost’ (also refer to note 11 to these special purpose consolidated financial statements).

As the Group recognises its loans and borrowings from third parties net of transaction costs incurred, the carrying value of the capitalised transaction cost has been netted on the principal amount of loans and borrowings.

At the end of 2021, the Company signed a PXF (‘Pre-export financing’) agreement (“PXF facility”), where Africa Finance Corporation and Shell Western Supply and Trading Limited provided loan commitments in the total amount of USD 300 million. Africa Finance Corporation is the acting facility agent. The loan has a tenor of 7 years with repayment of principal starting 30 September 2022 (6.25%) and thereafter each six months on 31 March 2023 (6.25%), 30 September 2023 (7.5%), 31 March 2024 (7.5%) and 30 September 2024 to 31 March 2027 (10%) and 30 September 2027 to 30 September 2028 (4.17%). The principal bears interest at Libor + 4.25% for the years one to four and Libor + 4.50% for the years five to seven; interest repayment also occurs each six months. For the unused portion of the PXF facility, the charge is 40% of the applicable margin per annum.

The Company has drawn USD 150 million under the PXF facility in October 2021. At least 80% of each drawdown is required for immediate repayment of amounts due and payable under the RBL facility. Further, no more than 20% of the amounts borrowed by the Company shall be applied towards financing the general corporate purposes of the Company and its subsidiaries. Under the conditions of the agreement, currently 90% of the Group’s cargos is to be delivered to one of the lenders.

Over 2021, the Group incurred an amount of USD 52 million as finance costs under the RBL facility (2020: USD 94 million), of which USD 45 million related to interest expenses over the draw downs (2020: USD 81 million) and USD 7 million as amortisation expense on the capitalised transaction costs (2020: USD 13 million). Under the PXF facility, the Group incurred an amount of USD 2 million as finance costs (2020: USD nil), of which USD 1 million related to interest expenses over the draw downs (2020: USD nil), USD 0.8 million to transaction fees and USD 0.2 million to commitment fees payable (2020: USD nil). Also refer to note 11 to these special purpose consolidated financial statements.

Under the conditions of the amended RBL facility, the main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities Prime 127 and Prime 130, cash and cash equivalents in the amount of USD 190 million as per 31 December 2021 that are held within the projects accounts in Nigeria and The Netherlands, proceeds from the oil cargo’s sold and proceeds from the intercompany loans between the Company and the Nigerian entities. Further, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured. The security package of the PXF facility is second ranking on the RBL security package. Also refer to notes 13, 18 and 20 to these special purpose consolidated financial statements.

The conditions of this non-recourse facility are based on the expected present value of future production from the respective Nigerian oil fields, taking account of factors such as the level of reserves, discount rate, the lenders’ assumptions for operational and capital expenditure and expected oil price, including any future price hedging employed by the Company.

The Group's capital management is subject to the following main constraints imposed by the financial covenants of the consortium of banks providing the amended RBL facility and PXF facility:

- quarterly, total net debt to Ebitdax is not above 3.0, and
- quarterly, the 12 month historical Debt Service Coverage Ratio is not below 1.20, and

- quarterly, the Group Liquidity Test demonstrates that there are, or will be, sufficient funds available to the Group to meet all of its expenditure for the successive 12 months, and
- quarterly, the Development Asset Liquidity Test demonstrates that at any time during the development period of an asset, all available cash and projected cash flows for the period exceed the projected development cost and debt commitments in respect of this development period.

As a result of an event of default, debt would become due and payable prior to its specified maturity. However, a breach of the covenants is considered remedied, when it is remedied to the satisfaction of the consortium of banks within 90 days after the quarter in which the breach occurred.

No events of default or breaches of financial covenants occurred at the end of or during the year.

23 Decommissioning liabilities

The movement of the Group's decommissioning liabilities is as follows:

	2021	2020
	USD 1,000	USD 1,000
At 1 January	263,090	253,590
Revision recorded as 'Oil and gas properties'	(49,346)	34,472
Revision recorded as 'Finance income'	-	(41,967)
Accretion expense	15,375	16,995
At 31 December	**229,119**	**263,090**

The Group makes full provision for the future cost of decommissioning oil production facilities and pipelines, on a discounted basis, on the installation of those facilities.

The decommissioning provision represents the present value of decommissioning costs relating to the Group's oil and gas properties, which are expected to be incurred up to the economic cut-off dates of the Agbami, Akpo and Egina fields, ranging from 2028 to 2041, which is when the producing oil and gas properties are expected to cease operations. These provisions have been calculated based on the cash flow estimates as provided by the operators of the fields.

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

In the financial year, the Group revised its provision for decommissioning liabilities downwards by USD 49 million (2020: upward by USD 34 million), which has been offset with the capitalised decommissioning provision included in 'Oil and gas properties'. Also refer to note 13 to these special purpose consolidated financial statements. Accretion expense relates to the periodic increase of the discounted present value of the decommissioning provision is included in finance cost. The discount rate used in the calculation of the provision as at 31 December 2021 ranges from 6.63% to 8.48% (2020: 5.13% to 7.02%), depending on the economic cut-off date of the respective field.

24 Other provisions

Through its ownership in OML 127 in Nigeria, Prime 127 has been a party to a tract participation redetermination process for the Agbami field. The final technical procedure to adjust the tract participation that the OPL 216 and OPL 217 licenses have in the Agbami field was completed in October 2015 with the issuance of the expert decision.

In June 2021, Prime 127 signed a Securitization Agreement with Equinor and Chevron, whereby Equinor agreed to pay a security deposit to the two other partners to secure future payments due under that Securitization Agreement, pending a comprehensive resolution being reached among all unit parties in respect of the tract participation in the Agbami field. In accordance with this agreement, in the same month, Prime 127 received from Equinor its portion of the security deposit in the form of a cash payment of USD 305 million.

A provision for the full cash payment has been recorded by the Group to reflect the mechanism pursuant to which any such imbalance payments due from Equinor to Prime 127 under the terms of any future agreement among the Agbami parties will be set-off against this security deposit. The parties will continue ongoing discussions in an attempt to seek final resolution of the formal redetermination of the Agbami tract participation.

25 Employee benefits

The composition of the Group's non-current employee benefits is as follows:

	31 December 2021	**31 December 2020**
	USD 1,000	USD 1,000
Balance sheet obligations for:		
- Retirement benefits	4,069	4,097
- Other employee benefits	3,100	1,400
Liability in the balance sheet	**7,169**	**5,497**

The Group only provides pension plans to its local Nigerian employees. The Group did not grant any share-based payment awards to its board members and employees. No contributions have been made to defined contributions pension plans for key management personnel.

The charges for retirement benefits included in 'Other operating expenses' are as follows:

	2021	**2020**
	USD 1,000	USD 1,000
Retirement benefits:		
- Current service cost	307	2,747
- Interest cost	277	513
- F/X gain on revaluation (included in 'Other finance income')	(487)	-
Total pension charges	**97**	**3,260**

The movement in the retirement benefit obligation is as follows:

	2021	2020
	USD 1,000	USD 1,000
At 1 January	4,097	5,968
Benefit paid	(125)	(5,131)
Charge for the year, net	97	3,260
At 31 December	**4,069**	**4,097**

For its staff in Nigeria, the Group operates a defined benefit gratuity and ex-gratia plan. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. This plan is unfunded. The Group meets its benefit payment obligation as it falls due. The defined benefit plans are administered by a single pension fund that is legally separated from the Group. The pension fund manager is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund. At each reporting date, an Asset-Liability Matching (ALM) study is performed by the pension fund's manager in which the consequences of the investment policies are analysed.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. However, considering the limited number of staff involved, actuarial risks are considered limited.

The amounts recognised in the balance sheet are determined as follows:

	31 December 2021	31 December 2020
	USD 1,000	USD 1,000
Present value of unfunded obligation	**4,069**	**4,097**

The significant actuarial assumptions used by external actuary, Alexander Forbes Consulting Actuaries Nigeria Limited, are as follows:

	31 December 2021	31 December 2020
Discount rate (p.a)	7%	13%
Rate of salary increase (p.a)	7%	11%

Assumptions regarding the rate of mortality assumed for employees were published in the A1967/70 Ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

The mortality rates by the Institute of Actuaries has been reduced down by one year to accurately reflect mortality in Nigeria. These assumptions translate into an average life expectancy for a pensioner retiring at 55.

The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

Age	31 December 2021	31 December 2020
Withdrawal from Service		
less than or equal to 30	2.5%	2.5%
31-39	2.0%	2.0%
40-44	1.5%	1.5%
45-55	0.0%	0.0%
Early Retirement		
less than or equal to 30	0.0%	0.0%
31-39	0.0%	0.0%
40-44	0.0%	0.0%
45-55	0.5%	0.5%

26 Trade and other payables

The composition of the Group's trade and other payables is as follows:

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Trade and other payables	153,135	89,874
Taxes and royalties payable	131,867	16,013
Crude oil overlift payable	8,702	-
PXF accrued interest payable	1,159	-
Total trade and other payables	**294,863**	**105,887**

Trade and other payables mainly relate to the Group's share in the liabilities of its joint operations in Africa, out of which USD 146 million (2020: USD 86 million) relates to the Nigerian joint operations of subsidiaries Prime 127 (USD 12 million; 2020: USD 11 million) and Prime 130 (USD 134 million; 2020: USD 75 million). These balances are connected to the further development of and production from the Agbami field (Prime 127) and Akpo and Egina fields (Prime 130).

Taxes and royalties payable includes the Group's liabilities for royalties in the amount of USD 75 million (2020: USD nil), out of which USD 5 million relates to royalties due on natural gas sales, corporate income tax due on natural gas in the amount of USD 28 million (2020: USD nil) and education tax, NDDC, wage tax, withholding tax and VAT payable.

The Group's excess of crude oil purchased during the year over its entitlement share of production, is recognised as a crude oil overlift payable balance with a corresponding charge to 'Cost of sales'. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production. At balance sheet date, an overlift payable balance has been recorded in the amount of USD 9 million. In prior year, no overlift payables were recognised. Also refer to note 6 to these special purpose consolidated financial statements.

The total balance of 'Trade and other payables' includes an amount of USD 1 million for PXF facility interest payable. In 2021 and 2020, all RBL interest due has been paid in the financial year.

All trade and other payables are due within one year.

Information about the Group's exposure to currency and liquidity risk is included in note 27 to these special purpose consolidated financial statements.

27 Risk & capital management and financial instruments

The Group's aim is to create membership value through the exploration and appraisal phase of the exploration and production cycle in Africa and then, at the appropriate time, monetise that value and reinvest proceeds into further exploration activities and maximise returns for the Group's members.

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and short-term deposits that derive directly from its operations. Depending on developments in market conditions, the Group also enters into derivative transactions.

The Group's activities expose it to a variety of risks and uncertainties: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and environmental and legal risk.

1. Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's overall risk management programme, which seeks to minimise potential adverse effects on the Group's financial performance.

The corporate risk management policy is carried out by a committee set up by the Supervisory Board of both members to evaluate and establish guidelines for measuring, monitoring, and managing the risks periodically and to support the Board decisions. Representatives of different business areas are convened to discuss specific matters.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in risk profiles and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The department identifies, evaluates, and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Internal Audit function oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the committee that is composed of members of the Board of Directors and Supervisory Board.

The Board of Directors is continuously monitoring the risks of the Group through the risk register. If these risks are expected to be not in line with corporate risk management policy, the Board will discuss these risks with its members. The Board of Directors agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and commodity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

(i) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group entities. The Group considers it is not exposed to significant risks resulting from fluctuations in foreign currency exchange rates, because its crude oil is sold in US Dollars which is the Group's functional currency and the RBL and PXF facility are denominated in US Dollars as well. Foreign exchange variation usually arises as a result of the Group's overhead expenses which constitute a less significant portion of the transactions of the Group. Further, cash balances are primarily held in US Dollars to provide a natural hedge to reflect that the majority of the Group's business is managed and conducted using US Dollars. Small balances are retained in other currencies for local operating and administrative needs to ensure that its net exposure is kept to an acceptable level.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates under the RBL and PXF facility.

Management considers the Group's exposure to interest rate risk moderate as, on balance sheet date, the remaining RBL and PXF principals amount to respectively USD 867 million and USD 150 million. As such, the Group has substantial floating-rate borrowings which are partially offset by cash held at variable rates. Therefore, a change in interest rates at the reporting date is likely to affect profit and loss of the Group.

The following table demonstrates the sensitivity of the Group's profit before tax from a reasonably possible change in interest rates of the floating rate borrowings (with all other variables held constant). The impact on equity is the same as the impact on profit before tax.

Increase/(Decrease) in interest rate	**Effect on profit before tax 2021** USD 1,000 (Decrease)/Increase	**Effect on profit before tax 2020** USD 1,000 (Decrease)/Increase
1.5%	(17,863)	(25,062)
-1.5%	17,863	25,062

(iii) Price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Short-term volatility in oil crude prices is considered to have a limited impact on the Group's result. Longer-term price movements are however impacted by economic events that dictate the levels of supply and demand.

The increase in oil prices in 2021 would normally impact the Group's revenues positively. Mainly due to its fixed forward sales contracts concluded before the global increase in oil prices, the Group has been able to realize average sales prices per barrel of USD 59.25 in 2021 compared to USD 63.96 in the same period of the prior year. Sales of crude oil in 2021 have been made to 3rd party customers, with the majority pursuant to fixed forward contracts to ensure stability in cash flows and manage volatility in oil prices. As to date, the Company entered into forward contracts for part of its 2022 cargo entitlement. In prior years, the Company also used fixed price oil swaps to hedge its commodity price risk and designated all of the fixed price swaps as cash flow hedges. During the year, all of the Company's remaining fixed price swaps have been settled. The Group therefore considers its exposure to commodity price risk moderate.

Crude oil price sensitivity

The table below summarises the impact on profit before tax for changes in crude oil prices, excluding any hedge accounting impact. The impact on equity is the same as the impact on profit before tax. The analysis is based on the assumption that the average crude oil price moves 10% resulting in a change of USD 5.93/bbl (2020: USD 6.40/bbl), with all other variables held constant. Reasonably possible movements in crude oil prices were determined based on a review of the last years' historical prices and economic forecasters' expectations.

Increase/(Decrease) in crude oil prices	**Effect on profit before tax 2021** USD 1,000 Increase/(Decrease)	**Effect on profit before tax 2020** USD 1,000 Increase/(Decrease)
Increase USD 5.93/bbl (2020: USD 6.40/bbl)	67,825	72,272
Decrease USD 5.93/bbl (2020: USD 6.40/bbl)	(67,825)	(72,272)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents, derivative financial instruments assets and deposits with banks and financial institutions, as well as credit exposures to customers and outstanding receivables and committed transactions to joint venture partners.

The carrying amount of financial assets represents the maximum credit exposure.

(i) Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group holds cash and cash equivalents of USD 518 million at 31 December 2021 (2020: USD 231 million). The Group's more significant cash and cash equivalents and its derivative financial instruments assets are held with bank and financial institution counterparties, which are rated within the range of 'A-2 to A-1', based on rating agency Standard & Poor's ratings.

(ii) Trade and other receivables

In the financial year, the Group sells its crude oil and natural gas to reputable 3rd party customers with long track records in the industry; it therefore considers credit risk on accounts receivable in general limited. Apart from the receivables related to the sales of its natural gas, no credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these reputable counterparties.

An impairment analysis is performed at each reporting date to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of its joint-venture partners. Management therefore carefully considers the factors that may influence the credit risk of these receivables such as the general default risk in the industry and country in which it operates with the joint-venture partners. The Group further mitigates this risk by entering into transactions with long-standing, reputable counterparties and partners.

Under the conditions of the PXF facility, currently 90% of the Group's cargos is to be delivered to one of the lenders. The Group evaluates the concentration of risk with respect to trade and other receivables assets as moderate, as although its limited number of customers are located in several jurisdictions, they operate within the same industries in the same markets.

The table below states the Group's financial assets in relevant maturity groupings at the respective balance sheet dates:

	Neither past due nor impaired	**Within 1 year**	**Total**
	USD 1,000	USD 1,000	USD 1,000
31 December 2021			
Cash and cash equivalent	517,878	-	517,878
Trade and other receivables	183,851	98,700	282,551
Derivative financial instruments	-	-	-
	701,729	**98,700**	**800,429**
31 December 2020			
Cash and cash equivalent	231,354	-	231,354
Trade and other receivables	86,493	-	86,493
Derivative financial instruments	6,466	-	6,466
	324,313	-	**324,313**

Liquidity risk

Liquidity risk of the Group mainly relates to the inability to fund exploration work programmes and excess cost and capital spending. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Weekly review of cash flows, periodical review of working capital and funding options and a prudent approach to budgeting and planning ensure sufficient capital to meet commitments. Further, a formalised annual budget process and ongoing monthly reviews of actuals to budget analysis mitigate the risks of excess cost and capital spending. This is further evidenced by Board approval of the annual work programmes.

As the Group's cash flow generating activities are located in Nigeria, the Group bears a certain level of concentration risk in this geographical area. The Group ensures however that this country risk is effectively identified, measured and managed by using an internal model to determine the risk rating of the country. The model inputs are continually updated to reflect economic and political changes in the country. In determining the rating, the Group's network of operations, country visits and external sources of information are used extensively.

To maintain adequate financial liquidity to meet the Group's business plans, the Group uses forward sales transactions at a fixed price as well as fixed price swaps against the downward risk associated with oil price volatility.

Currently, apart from the RBL and PXF facility of which all conditions precedent have been met as at 31 December 2021, the Group does not maintain any lines of credit.

The following are the remaining contractual maturities of the Group's financial liabilities at the respective balance sheet dates. The amounts disclosed are the gross and undiscounted contractual cash flows.

	Within 1 year	**Between 1 and 5 years**	**Over 5 years**	**Total**
	USD 1,000	USD 1,000	USD 1,000	USD 1,000
At 31 December 2021				
Trade and other payables	153,135	-	-	153,135
Loans and borrowings	520,337	457,852	33,765	1,011,954
	673,472	**457,852**	**33,765**	**1,165,089**
At 31 December 2020				
Trade and other payables	89,874	-	-	89,874
Derivative financial instruments	5,349	-	-	5,349
Loans and borrowings	486,994	803,985	-	1,290,979
	582,217	**803,985**	-	**1,386,202**

2. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise the membership's value.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

To maintain or adjust the capital structure, the Group may obtain external funding and/or adjust the dividend payment to its members in close cooperation with these members.

The Group monitors capital using the following gearing ratios:

(i) Net Debt / EBITDA below 2.5, and

(ii) EBITDA / Interest Expense above 5.0.

The Group includes in its net debt all borrowings raised from external parties, less cash and short-term deposits.

The Group's capital management is subject to the constraints imposed by its members and externally imposed capital requirements (refer to note 22 to these special purpose consolidated financial statements) by the consortium of banks providing the RBL and PXF facilities.

In 2021 and 2020, the Group's debt-to-equity ratio has fluctuated in the following manner (USD thousand or single unit):

	2021	2020
Total debt (current and non-current) (A)	1,018,168	1,302,807
Cash and cash equivalents (B)	516,924	231,212
Net debt (C=A-B)	501,244	1,071,595
Members' equity (D)	584,925	544,457 [1)]
Net debt / (Net debt + Members' equity) (C/(C+D))	0.46	0.66 [1)]
EBITDA (E)	1,305,084	1,238,950
Interest expense (F)	54,154	97,753
Net debt / EBITDA (C/E)	**0.38**	**0.86**
EBITDA / Interest expense (E/F)	**24**	**13**

[1)] Adjusted for accumulated prior years' impact of prior period adjustment. Refer to note 2 'Comparative figures' of these special purpose consolidated financial statements.

-Total debt is calculated by adding the remaining principals under the RBL and PXF facilities to accrued interest payable thereon and related commitment fees payable.

-Cash and cash equivalents exclude cash at hand and the Group's share in cash balances of its joint operations.

-EBITDA is calculated as profit before tax, adjusted by adding back: net finance result, depreciation and amortisation expense on 'Oil and gas properties' and 'Other property, plant and equipment' and asset impairment charges.

-Interest expense of USD 54 million (2020: USD 98 million) is calculated by adding interest charges under the RBL and PXF facility of USD 46 million (2020: USD 81 million) to PXF commitment fees of USD 0.2 million (2020: USD nil), amortisation expense on capitalised upfront RBL fees of USD 7 million (2020: USD 13 million) and other finance expense related to the RBL and PXF of USD 0.9 million (2020: USD 4 million).

3. Financial assets and liabilities

Financial assets

The Group classifies its financial assets as derivatives designated as hedging instruments measured at fair value through OCI with recycling of cumulative gains and losses and financial assets at amortised cost.

Derivatives designated as hedging instruments reflect the positive change in fair value of fixed price oil swaps, designated as cash flow hedges to hedge highly probable forecast sales of oil cargo's.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Groups' financial assets at amortised cost comprise 'other receivables', 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Financial assets		
Derivatives designated as hedging instruments		
Fixed oil price swaps		
Current	-	6,466
	-	**6,466**
Debt instruments at amortised cost		
Non-current		
Other receivables	343	439
Current		
Trade and other receivables	282,551	86,493
Cash and cash equivalents	517,878	231,354
Total financial assets at amortised cost	**800,772**	**318,286**
Total financial assets	**800,772**	**324,752**
Total current	**800,429**	**324,313**
Total non-current	**343**	**439**

Financial liabilities

The Group classifies its financial liabilities as financial liabilities at amortised cost (including separately loans and borrowings) and as derivatives designated as hedging instruments measured at fair value through OCI with recycling of cumulative gains and losses.

Derivatives designated as hedging instruments reflect the negative change in fair value of fixed price oil swaps, designated as cash flow hedges to hedge highly probable forecast sales of oil cargo's.

Loans and borrowings from 3rd parties are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost.

Financial liabilities at amortised cost also include 'trade and other payables'. Trade and other payables are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value.

	31 December 2021 USD 1,000	31 December 2020 USD 1,000
Financial liabilities		
Derivatives designated as hedging instruments		
Fixed oil price swaps		
Current	-	5,349
	-	**5,349**
At amortised cost		
Non-current		
Loans and borrowings	491,617	803,985
Current		
Loans and borrowings	520,337	486,994
Trade and other payables	153,135	89,874
Total financial liabilities at amortised cost	**1,165,089**	**1,380,853**
Total financial liabilities	**1,165,089**	**1,386,202**
Total current	**673,472**	**582,217**
Total non-current	**491,617**	**803,985**

Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is commodity price risk.

The Group uses fixed forward contracts and, until mid-2021, fixed price oil swaps to hedge its commodity price risk. Hedging the price volatility of forecast oil sales is in accordance with the risk management strategy outlined by the Board of Directors. On the forward commodity contracts hedge accounting is not considered applicable as the own-use exception applies: the Group does not enter into physical oil contracts other than to meet the Group's expected sales requirements. These arrangements therefore fall outside the scope of IFRS 9 and are classified as normal sales contracts that are accounted for on an accrual basis.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group's fixed price oil swaps are designated as cash flow hedges and are entered into for periods consistent with crude oil price exposure of the underlying transactions, generally from 13 to 36 months. The Group's strategy is to hedge approximately 70% percent of its expected monthly crude oil sales, which equals over 1 million barrels on average per month. The Group considers that changes in the fair value or cash flows, that are attributable to the price risk being hedged, will be completely offset at the hedge's inception and on an ongoing basis and therefore concludes that there is no ineffectiveness to be recorded. It therefore considers that the fixed price swap of the forecasted sale of crude oil will be highly effective as the critical terms of risk, quantity and timing of the hedged item match the hedging instrument.

The hedge ineffectiveness can arise from:

- differences in the timing of the cash flows of the hedged items and the hedging instruments;
- different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments;
- the counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items;
- changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The effective portion of the swap's gain or loss is reported in other comprehensive income, and the ineffective portion is reported in the income statement. Amounts that are accumulated in other comprehensive income are reclassified to the income statement when the related crude oil is sold.

The Group is holding the following fixed price oil swaps:

	Maturity						
Highly probable sales forecast	**Total**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**Over 12 months**
As at 31 December 2021							
Fixed price oil swaps							
Notional amount (in bbl)	-	-	-	-	-	-	-
Notional amount (in $000)	-	-	-	-	-	-	-
Average hedged rate (in $ per bbl)	-	-	-	-	-	-	-
As at 31 December 2020							
Fixed price oil swaps							
Notional amount (in bbl)	2,000,000	-	156,250	1,163,422	680,328	-	-
Notional amount (in $000)	102,630	-	7,233	56,538	38,859	-	-
Average hedged rate (in $ per bbl)	51.32	-	46.29	48.60	57.12	-	-

During the year, the remaining portion of the Group's fixed price oil swaps was settled in full, resulting in a loss on the settlement of fixed oil price swaps of USD 31 million (2020: loss of USD 15 million) reported in 'Other finance costs'. Also refer to note 11 to these special purpose consolidated financial statements.

In prior year, the hedged transactions were the forecasted liftings of crude oil amounting to 2,000,000 barrels over the period 1 February 2021 to 1 July 2021. The hedge designation dates ranged from 1 February 2021 to 1 July 2021. The hedging instruments were eight swap transactions, each for 1 to 3 months.

The variable leg of the swaps was based on an average commodity reference price, the average price per barrel of Dated Brent, and settled 30 days after the maturity date. The fixed prices received and paid ranged from $44.65 to $57.25 per barrel over that period.

The impact of the hedging instruments on the statement of financial position is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
	USD 1,000	USD 1,000		USD 1,000
As at 31 December 2021				
Fixed price oil swaps	-	-	-	-
Fixed price oil swaps	-	-	-	-
	-	-		-
As at 31 December 2020				
Fixed price oil swaps	57,160	50,694	Derivative financial instruments - assets	6,466
Fixed price oil swaps	45,470	50,819	Derivative financial instruments - liabilities	(5,349)
	102,630	101,513		1,117

The impact of the hedged items on the statement of financial position is, as follows:

	31 December 2021			31 December 2020		
	Change in fair value used for measuring ineffectiveness for the year	Cash flow hedge reserve	Cost of hedging reserve	Change in fair value used for measuring ineffectiveness for the period	Cash flow hedge reserve	Cost of hedging reserve
	USD 1,000	USD 1,000	USD 1,000	USD 1,000	USD 1,000	USD 1,000
Highly probable forecast oil sales	(1,117)	(1,117)	-	1,117	1,117	-
	(1,117)	**(1,117)**	-	**1,117**	**1,117**	-

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
	USD 1,000	USD 1,000	USD 1,000	USD 1,000	USD 1,000	USD 1,000
2021						
Highly probable forecast oil sales	(1,117)	-	-	-	(30,587)	Finance expense
	(1,117)	-	-	-	(30,587)	
2020						
Highly probable forecast oil sales	17,315	-	-	-	(14,618)	Finance expense
	17,315	-	-	-	(14,618)	

Fair values of financial assets and financial liabilities

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs
Fixed oil price swaps	Forward pricing model	Discount rate
		Discount for counterparty credit risk
Other financial assets and liabilities	Discounted cash flows	Own non-performance risk
		Discount for non-performance risk counterparty

The table below presents a disclosure of fair value of the Group's financial assets and liabilities as at 31 December 2021 and 2020. None of these financial assets and liabilities have been offset as the Group only presents the net amount in the statement of financial position when it has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. There were no transfers between levels of the fair value hierarchy during the year.

	31 December 2021	31 December 2020
Financial assets	USD 1,000	USD 1,000
Derivatives designated as hedging instruments		
Level 2		
Fixed oil price swaps	-	6,466
	-	**6,466**
Debt instruments at amortised cost		
Cash and cash equivalents	517,878	231,354
Other receivables	343	439
Trade and other receivables	282,551	86,493
	800,772	**318,286**
Total financial assets	**800,772**	**324,752**
Financial liabilities		
Derivatives designated as hedging instruments		
Level 2		
Fixed oil price swaps	-	5,349
	-	**5,349**
Liabilities at amortised cost		
Trade and other payables	**153,135**	**89,874**
Loans and borrowings		
Loans and borrowings	**1,011,954**	**1,290,979**
Total financial liabilities at amortised cost	**1,165,089**	**1,380,853**
Total financial liabilities	**1,165,089**	**1,386,202**

The fair values of the larger part of the Group's financial assets and liabilities as at 31 December 2021 and 2020 approximate their carrying values due to the short-term maturities of these instruments.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. These commodity swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward price curves of the underlying oil commodity. During the year, the remaining portion of the Group's fixed price oil swaps was settled in full. In prior year, the mark-to-market value of the Group's derivative asset position was net of any credit valuation adjustment attributable to derivative counterparty default risk. As there were no material changes in counterparty credit risk, there was no material impact on the hedge effectiveness assessment for derivatives designated in hedge relationships.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the discounted cash flow method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2021 and 2020 was assessed to be insignificant.

The notes to the specific items of the statement of financial position disclose the fair value of the related instrument if the fair value does not approximate carrying value. For the principles of the primary financial instruments, reference is made to the recognition principles per item of the statement of financial position.

28 Leases

The Group has entered into a limited number of leases for buildings and items of plant and machinery under medium-term lease agreements. Future minimum lease payments under non-cancellable lease agreements as at 31 December 2021 as well as lease amounts recognised in these special purpose consolidated financial statements are therefore considered insignificant.

As the Group has significant interests in non-operated Production Sharing Contracts ('PSCs') in Nigeria that are classified as Joint Operations under IFRS 11, *Joint Arrangements*, the Group presents its proportionate share of the assets, liabilities, revenues and expenses on a line-by-line basis in the special purpose consolidated financial statements in accordance with the IFRSs applicable to the respective assets, liabilities, revenues and expenses.

29 List of subsidiaries

Set out below is a list of material subsidiaries of the Group per 31 December 2021:

Name of subsidiary	% and shares owned by Company	Other shareholder	% shares owned by other shareholder
Prime 127 Nigeria Limited ('Prime 127') 1, Adeola Odeku Street, 5th Floor, Sapetro Towers Victoria Island, Lagos, Nigeria	99.9942% 3,425,300,000	Prime 130	0.0058% 200,000
Prime 130 Nigeria Limited ('Prime 130') 1, Adeola Odeku Street, 5th Floor, Sapetro Towers Victoria Island, Lagos, Nigeria	99.9956% 4,525,850,000	Prime 127	0.0044% 200,000
Petrobras Tanzania Limited ('PETAN') Ground Floor Kilwa House, Plot 369 Toure Drive, Dar es Salaam, Tanzania	99.9999996% 216,785,352	Prime 130	0.0000004% 1

30 Commitments

(i) Capital commitments working programmes

In accordance with the terms of the production sharing contracts entered into by the Group along with other consortium partners in respect of its oil fields and blocks, the Group has certain minimum exploration and development commitments with estimated capital expenditures in oil and gas properties of USD 0.8 billion as at 31 December 2021, USD 0.7 billion as at 31 December 2022, USD 0.6 billion as at 31 December 2023, USD 0.4 billion as at 31 December 2024 and USD 0.3 billion as at 31 December 2025.

(ii) Securities and guarantees

Under the conditions of the RBL facility, the main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities Prime 127 and Prime 130, cash and cash equivalents in the amount of USD 190 million as per 31 December 2021 that are held within the projects accounts in Nigeria and The Netherlands, proceeds from the oil cargo's sold and proceeds from the intercompany loans between the Company and the Nigerian entities. Further, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured. The security package of the PXF facility is second ranking on the RBL security package. Also refer to notes 13, 18, 20 and 22 to these special purpose consolidated financial statements.

The Group's policy is to provide financial guarantees only to subsidiaries.

31 Contingencies

(i) Claims and litigation

From time to time the Group is involved in claims and legal proceedings arising in the normal course of business. While these claims may seek substantial damages against the Group and are subject to uncertainty inherent in any litigation, the Group does not believe that the ultimate resolution of such matters will have a material adverse impact on the Group's operating results or financial position.

(ii) Insurance

Management believes that the Group has in general adequate insurance coverage of the risks, including adequate property damage coverage for its main production assets, which could have a material effect on the Group's operations and financial position. Under the conditions of the amended RBL facility and PXF facility, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured.

32 Related parties

The Group considers all legal entities that can be controlled, jointly controlled or significantly influenced to be related parties. Also, entities which can control the Company are considered a related party as well as all legal entities that can be controlled, jointly controlled or significantly influenced by the Company's members. In addition, the Group considers the members of the Board of Directors and Supervisory Board as key management personnel as defined by IAS 24.

(i) Parent and ultimate controlling party

On 14 June 2013, Petrobras International Braspetro B.V. ('PIB'), Rotterdam, The Netherlands, and BTG Pactual E&P B.V. ('BTG E&P') entered into a binding agreement to establish a 50/50 joint venture for oil and gas exploration and production in Africa. As the joint venture was formed upon the acquisition by BTG E&P of 50% of the shares issued by Prime Oil & Gas B.V., at that time named Petrobras Oil & Gas B.V., the Company was owned for 50% by PIB and for 50% by BTG E&P.

Ultimate parent company of PIB is Petróleo Brasileiro S.A., Rio de Janeiro, Brazil, where BTG E&P B.V. was ultimately held by BTG Pactual Holding S.A., Sao Paulo, Brazil (‘BTG’), with a 20% minority stake held by Helios Investment Partners, London, United Kingdom.

On 14 January 2020, PIB completed the sale of its 50% interest in the Company to PetroVida Holding B.V., Rotterdam, The Netherlands (‘Petrovida’). BTG continues to own the remaining 50% membership interest in the Company through direct parent company BTG Pactual Holding S.à r.l., a private limited liability company governed and existing under the laws of the Grand Duchy of Luxembourg that, in December 2020, legally merged with previous shareholder BTG Pactual E&P B.V., where the latter entity ceased to exist after the merger. As of December 2021, the 20% minority stake in BTG Pactual Holding S.à r.l., previously held by Helios, is now held by both Helios (11%) and Petralon Energy Limited, Lagos, Nigeria (9%).

Petrovida, a company established to acquire PIB's stake in the Company, is wholly owned by Africa Oil Holdings B.V., The Netherlands. Ultimate parent company is Africa Oil Corporation, Vancouver, Canada (‘Africa Oil’). Africa Oil is focused primarily on Africa with development assets in Kenya and a portfolio of exploration and appraisal assets in Africa and Guyana. Africa Oil is listed on the Toronto Stock Exchange and on Nasdaq Stockholm.

(ii) Key management personnel

No advances or loans have been provided to members of the Board of Directors or Supervisory Board in 2021 and 2020. Compensation of the Group’s key management personnel only includes salaries and cash bonuses. Contributions to post-employment defined benefit plans are only provided for the Nigerian employees in accordance with local law (refer to note 25 to these special purpose consolidated financial statements).

(iii) Related party transactions

The Group enters into transactions in the ordinary course of business with various related parties during the year. These transactions may relate to technical services based on service agreements between certain associated companies, sale of crude oil and funds provided by and to subsidiaries and associated companies to finance the operations of the Group, including interest thereon. All these transactions are in principle carried out on an at arm's length basis.

Significant transactions and balances with related parties are disclosed in the notes; refer to notes 5, 15, 18, 25 and 26 to these special purpose consolidated financial statements.

33 Subsequent events

Subsequent to 31 December 2021, no events occurred that would require adjustment to these special purpose consolidated financial statements.

Independent auditor's report

To: the board of directors of Prime Oil & Gas Coöperatief U.A.

Report on the audit of the special purpose consolidated financial statements

Our opinion

In our opinion, the special purpose consolidated financial statements give a true and fair view of the consolidated financial position of Prime Oil & Gas Coöperatief U.A. (the Company) and its subsidiaries (together 'the Group') as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards').

What we have audited

The Group's special purpose consolidated financial statements comprise:

- the special purpose consolidated statement of financial position as at 31 December 2021;
- the special purpose consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the special purpose consolidated statement of changes in equity for the year then ended;
- the special purpose consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).
Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the special purpose consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics) that are relevant to our audit of the special purpose consolidated financial statements in the Netherlands. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the VGBA, Dutch Code of Ethics.

PricewaterhouseCoopers Accountants N.V., Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, the Netherlands
T: +31 (0) 88 792 00 10, F: +31 (0) 88 792 95 33, www.pwc.nl

Responsibilities of the board of directors and the supervisory board for the special purpose consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the special purpose consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The supervisory board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the special purpose consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the special purpose consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rotterdam, 8 September 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by G.E. van den Broek RA

SCHEDULE F
FAIRNESS OPINION

(see attached)

June 23, 2024

The Board of Directors
Africa Oil Corporation
885 West Georgia Street Suite 2100
Vancouver, BC V6C 3E8

Members of the Board of Directors:

Evercore Partners International LLP ("Evercore Partners" "we", "us" or "our") understands that Africa Oil Corp. (the "Company") and BTG Pactual Oil & Gas S.à.r.l. (the "Seller") propose to enter into an amalgamation agreement to be dated on or about June 23, 2024 (the "Amalgamation Agreement") pursuant to which, among other things, the Company will acquire the Seller's ultimate 50% interest in Prime Oil and Gas Coöperatief U.A. ("Prime") (the "Transaction") in exchange for newly issued common shares in the capital of the Company ("Common Shares") that will result in the Seller holding a 35% shareholding in the Company on partially diluted basis (the "Exchange Ratio") upon completion of the Transaction.

The terms and conditions of the Transaction will be more fully described in a management information circular (the "Circular") that will be mailed to holders of the Common Shares (the "Company Shareholders") in connection with the Transaction.

We have been retained as a financial advisor to the Company in respect of the Transaction and, as part of our agreed scope of work have been asked to prepare and deliver to the board of directors of the Company (the "Board of Directors") a written opinion as to whether the Exchange Ratio pursuant to the Transaction, is fair, from a financial point of view, to the Company. Evercore Partners understands that the opinion will be one factor, among several others, that the Board of Directors will consider in their evaluation of the Transaction.

Engagement of Evercore Partners

We were formally engaged by the Company, in connection with the Transaction, on behalf of the Board of Directors pursuant to a letter agreement effective February 2, 2024 (the "Engagement Letter"). Under the terms of the Engagement Letter, Evercore Partners has agreed to provide the Company with various advisory services in connection with the Transaction, including, among other things, the provision of the opinion.

Evercore Partners will receive a fee for rendering the opinion. We will also receive certain fees for our advisory services under the Engagement Letter, a substantial portion of which is contingent upon the successful completion of the Transaction. In addition, the Company has also agreed to reimburse us for our reasonable out-of-pocket expenses, and to indemnify us against certain liabilities that might arise out of our engagement.

Credentials of Evercore Partners

Evercore Partners is a global independent investment banking advisory firm, with operations in mergers and acquisitions, strategic shareholder advisory, restructurings, and capital structure transactions. Evercore Partners has been a financial advisor in a significant number of transactions globally involving public and private companies in various industry sectors and has extensive experience in preparing fairness opinions.

The opinion expressed herein represents the opinion of Evercore Partners. The form and content of the opinion have been approved for release by a committee of senior investment banking professionals of Evercore Partners and its affiliates, each of whom is experienced in merger, acquisition, divestiture, fairness opinion and valuation matters.

Relationship with Interested Parties

Neither Evercore Partners nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (British Columbia) (the "Act")) of the Company, the Seller or any of their respective affiliates (collectively, the "Interested Parties").

Evercore Partners and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of the Company, the Seller, or any other Interested Party, and have not had a material financial interest in any transaction involving the Company, the Seller, or any other Interested Party during the two years preceding the date hereof, other than services provided under the Engagement Letter and as disclosed herein. During the two years preceding the date hereof, Evercore Partners acted as (i) financial advisor to the Company in respect of a farmout transaction related to its offshore Namibia interests held through its investee company, Impact Oil and Gas Limited, and (ii) financial advisor to the Company on a retained basis pursuant to an engagement letter effective January 27, 2023.

Other than as set forth above, there are no understandings, agreements or commitments between Evercore Partners and any of the Interested Parties with respect to future business dealings. Evercore Partners may, in the future, in the ordinary course of business, provide financial advisory, investment banking, or other financial services to one or more of the Interested Parties from time to time.

In addition, Evercore Partners and its affiliates engage in a wide range of activities for our and their own accounts and the accounts of customers, including corporate finance, mergers and acquisitions, equity sales, trading and research, private equity, placement agent, asset management and related activities. In connection with these businesses or otherwise, Evercore Partners and its affiliates and/or our or their respective employees, as well as investment funds in which any of them may have a financial interest, may at any time, directly or indirectly, hold long or short positions and may trade or otherwise effect transactions for their own accounts or the accounts of customers, in debt or equity securities, senior loans and/or derivative products or other financial instruments of or relating to the Company, the Seller, potential parties to the Transaction and/or any of their respective affiliates or persons that are competitors, customers or suppliers of the Company or the Seller.

Scope of Review

In connection with rendering our opinion, we have, reviewed, considered, and relied upon, among other things, the following:

(i) a draft of the Amalgamation Agreement dated June 23, 2024;

(ii) a draft of the investor rights agreement to be entered into between the Company and the Seller dated June 23, 2024 (the "Investor Rights Agreement");

(iii) certain publicly available business and financial information relating to the Company that we deemed to be relevant;

(iv) certain internal projected financial and reserves and resources data relating to the Company and Prime furnished to us by the management of the Company, each as approved for our use by the Company (the "Forecasts");

(v) discussions with management of the Company and Prime regarding their assessment of the past and current operations of the Company and Prime, the current financial condition and prospects of the Company and Prime, and the Forecasts including their views on the risks and uncertainties of achieving the Forecasts;

(vi) other draft definitive documentation related to the Transaction;

(vii) public information with respect to other transactions of a comparable nature considered by us to be relevant;

(viii) reports published by equity research analysts and industry sources we considered relevant;

(ix) third party expert reports, such as technical reports, relating to the Company and Prime;

(x) a letter of representation as to certain factual matters and the completeness and accuracy of certain information upon which our opinion is based, addressed to us and dated the date hereof, provided by senior officers of the Company (the "Company Certificate"); and

(xi) such other information, performed such other analyses and examinations and considered such other factors that we deemed appropriate.

Evercore Partners has not, to the best of its knowledge, been denied access by the Company to any information under the Company's control requested by Evercore Partners.

Assumptions and Limitations

For purposes of our analysis and opinion, we have assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information, data, documents, advice, opinions, representations and other material, whether in written, electronic, graphic, oral or any other form or medium, whether obtained from publicly available sources, or provided to us by or on behalf of the Company, its subsidiaries or Prime or otherwise obtained by us in connection with our engagement (collectively, the "Information"). The opinion is conditional upon such completeness, accuracy and fair presentation. Subject to our professional judgement, we have not attempted to independently verify the completeness, accuracy and fair presentation of any of the Information and have not assumed responsibility or liability for any independent verification of the Information. With respect to the Forecasts, we have assumed with your consent that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of the Company as to the future financial performance of the Company and Prime and the other matters covered thereby.

Senior officers of the Company have represented to Evercore Partners in the Company Certificate, among other things, that: the information, data, documents, advice, opinions, representations and other material (financial and otherwise), provided to Evercore Partners orally by, or in the presence of, an officer or employee of the Company, or in writing by the Company, any of its subsidiaries (as defined in the Act) or Prime or any of their representatives in connection with Evercore Partners engagement was, at the date such information was provided to Evercore Partners, and is at the date hereof, complete, true and correct in all material respects, and did not and does not contain a misrepresentation (as defined in the Act) and (ii) since the dates on which such information was provided to Evercore Partners, except as disclosed in writing to Evercore Partners, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company, any of its subsidiaries or Prime, and no change has occurred in such information or any part thereof which would have or which could reasonably be expected to have a material effect on the opinion.

For purposes of our analysis and opinion, we have made several assumptions, including that (i) the executed Amalgamation Agreement and the Investor Rights Agreement (including the schedules thereto) will not differ in any material respect from the draft that we reviewed, (ii) that the Transaction will be consummated in accordance with the terms and conditions of the Amalgamation Agreement and Investor Rights Agreement without waiver of, or amendment to, any term or condition that is in any way material to our analyses, (iii) the representations and warranties in the Amalgamation Agreement are true and correct as of the date hereof, and (iv) any governmental, regulatory or other consents, approvals or releases necessary for the consummation of the Transaction will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on the Company or the consummation of the Transaction or materially reduce the contemplated benefits expected to be derived from the Transaction or that would otherwise be material to our analyses.

The opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the condition and prospects, financial and otherwise, of the Company and Prime as they are reflected in the Information and as they have been represented to Evercore Partners in discussions with management of the Company and its representatives. In our analyses and in preparing the opinion, Evercore Partners made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, which Evercore Partners believes to be reasonable and appropriate in the exercise of our professional judgement, many of which are beyond our control or that of any party involved in the Transaction.

We have not conducted a physical inspection of the properties or facilities of the Company or Prime and have not made or assumed any responsibility for making any independent valuation or appraisal of the assets or liabilities (including any contingent, derivative or other off-balance sheet assets and liabilities) of the Company or Prime and the opinion should not be construed as such, nor have we been furnished with any such valuations or appraisals, nor have we evaluated the solvency or fair value of the Company under any provincial, state or federal laws relating to bankruptcy, insolvency or similar matters.

We have not been asked to pass upon, and express no opinion with respect to, any matter other than the fairness to the Company, from a financial point of view, of the Exchange Ratio pursuant to the Transaction. We have not been asked to, nor do we express any view on, and our opinion does not address, any other term or aspect of the Amalgamation Agreement or the Investor Rights Agreement or the Transaction, including, without limitation, the structure or form of the Transaction, or any term or aspect of any other agreement or instrument contemplated by the Amalgamation Agreement or entered into or amended in connection with the Amalgamation Agreement. Our opinion does not address the relative merits of the Transaction as compared to other business or financial strategies that might be available to the Company, nor does it address the underlying business decision of the Company to engage in the Transaction.

The opinion has been provided for the sole use and benefit of the Board of Directors (in their capacity as directors of the Company) in connection with, and for the purpose of, its consideration of the Transaction and may not be used or relied upon by any other person or for any other purpose. Our opinion does not constitute a recommendation to the Board of Directors or to any other persons in respect of the Transaction, including as to how any Company Shareholder should vote or act in respect of the Transaction. We are not expressing any opinion as to the prices at which securities of the Company will trade at any time, as to the potential effects of volatility in the credit, financial and stock markets on the Company or the Transaction or as to the impact of the Transaction on the solvency or viability of the Company or the ability of the Company to pay its obligations when they come due. We are not legal, regulatory, accounting or tax experts and have assumed the accuracy and completeness of assessments by the Company and its advisors with respect to legal, regulatory, accounting and tax matters.

Except for the inclusion of the opinion in its entirety and a summary thereof (in a form acceptable to us) in the Circular, the opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent.

The opinion is given as of the date hereof, and Evercore Partners disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion which may come or be brought to the attention of Evercore Partners after the date hereof. Without limiting the foregoing, if we learn that any of the Information we relied upon in preparing the opinion was inaccurate, incomplete or misleading in any material respect or if there is any material change affecting the opinion, Evercore Partners reserves the right to change, modify or withdraw the opinion.

Conclusion

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio pursuant to the Transaction, is fair, from a financial point of view, to the Company.

Very truly yours,

EVERCORE PARTNERS INTERNATIONAL LLP

AFRICAOILCORP.COM