



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



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REPORT OF THE CONTROLLER AND AUDITOR GENERAL

TANZANIA PETROLEUM DEVELOPMENT CORPORATION (TPDC)

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE CONSOLIDATED FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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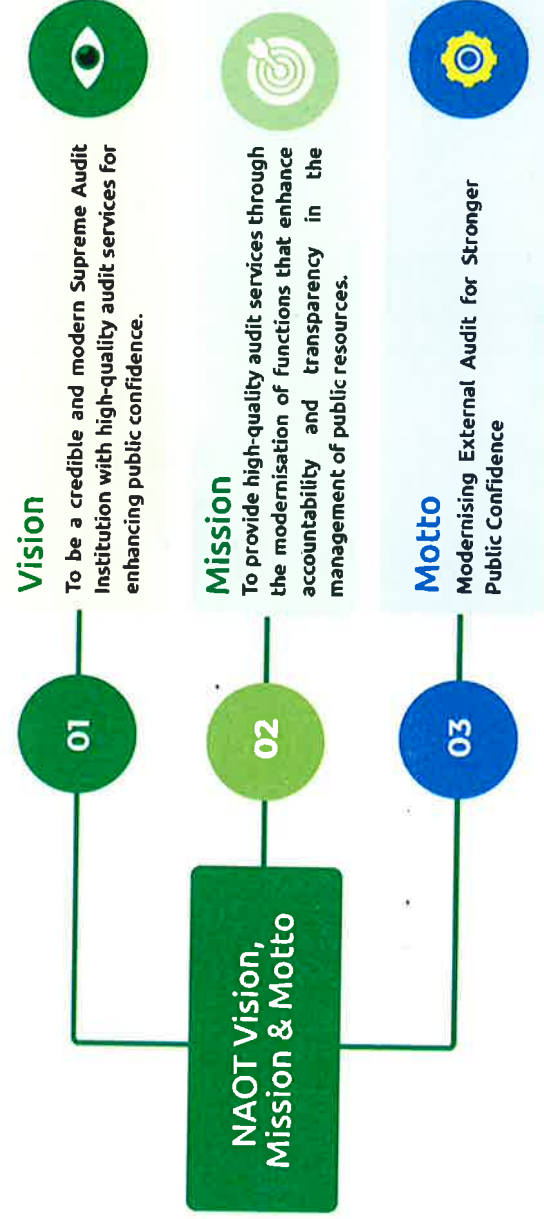
March 2025

AR/PA/TPDC/2023/24

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418.



Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.

Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.



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ABBREVIATIONS

AGG	Airborne Gravity Gradiometric	NBAA	National Board of Accountants and Auditors
BCF	Billion Cubic Feet	NEMC	National Environmental Management Council
BPS	Bulk Procurement System	NNGI	National Natural Gas Infrastructure Project
CAG	Controller and Auditor General	NNGIP	National Natural Gas Infrastructure Project
CNG	Condensed Natural Gas	OCI	Other Comprehensive Income
EIA	Environmental Impact Assessment	PAET	Pan African Energy Tanzania
FTG	Full Tensor Gradiometric	PRE- FEED	Preliminary front-end engineering design
FEED	Front End Engineering Design	PRS	Pressure Reduction Station
GASCO	Gas Company (Tanzania) Limited	PSA	Production Sharing Agreement
GoT	Government of Tanzania	PSSSF	Public Service Social Security Fund
GSA	Gas Sale Agreement	SACCOS	Savings and Credit Cooperative Society
HSSE	Health, Safety, Social and Environment	Sq. Km	Square Kilometers
IAS	International Accounting Standard	TANOIL	TANOIL Investment Limited
IFRS	International Financial Reporting Standard	TANESCO	Tanzania Electric Supply Company Limited
IOCs	International Oil Companies	TCF	Trillion Cubic Feet
Km	Kilometers	TPDC	Tanzania Petroleum Development Corporation
LNG	Liquefied Natural Gas	TR	Treasury Registrar Tanzania
M&P	Maurel et Prom	TZ	Tanzania
MoE	Ministry of Energy	TZS	Tanzanian Shillings
MMSCFD	Million Standard Cubic Feet per Day	URT	United Republic of Tanzania
MOU	Memorandum of Understanding	USD	United States Dollar
PURA	Petroleum Upstream Regulatory Authority	HGA	Host Government Agreement
PBPA	Petroleum Bulk Procurement Agency	NHIF	National Health Insurance Fund
PAET	Pan African Energy Tanzania	EWURA	Energy and Water Utilities Regulatory Authority

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Board Chairperson,
Tanzania Petroleum Development Corporation,
Tower A, Benjamin W. Mkapu,
Azikiwe/ Jamhuri Street,
P.O. Box 2774,
Dar es Salaam, Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the consolidated financial statements of Tanzania Petroleum Development Corporation and its Subsidiaries, Gas Company (Tanzania) Limited and TANOIL Investment Limited (together “the Group”), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in net equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of material accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Tanzania Petroleum Development Corporation as at 30 June 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled, “Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements”. I am independent of the Group and the Corporation in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Report by Those Charged with Governance, a statement of director’s responsibility and a

Declaration by the Head of Finance but does not include the financial statements and my audit report thereon, which I obtained prior to the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines, it is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My 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 audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern, and
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418, requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards. Further, Section 48(3) of the Public Procurement Act, Cap. 410 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATION

1.2.1 Compliance with the Public Procurement Laws

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on the procurement of works, goods, and services in the Tanzania Petroleum Development Corporation for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that except for the matter described below, the procurement of works, goods and services of the Tanzania Petroleum Development Corporation is generally in compliance with the requirements of the Public Procurement laws.

Under implementation of the Annual Procurement Plan by 66%

TPDC planned to implement 117 tenders for procurements of goods, works, non-consultancy services, and consultancy services amounting to TZS 269.01 billion. However, the Corporation awarded only 40 tenders (34%) amounting to TZS 11.63 billion leaving 62 tenders (53%) amounting to TZS 251.02 billion still in the tendering stage, two tenders (2%) amounting to TZS 44 million were cancelled and 13 tenders (11%) amounted to TZS 6.32 billion were not initiated up to the year ended 30 June 2024. This is contrary to Regulation 69 of the Public Procurement Regulation, 2013 that requires a procuring entity to forecast its requirements for goods, services and works as accurately as is practicable with reference to services or activities already programmed in the annual work plan and included in the annual estimates.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution of the Tanzania Petroleum Development Corporation for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that except for the matter described below, the budget formulation and execution of Tanzania Petroleum Development Corporation is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

Failure of management to forecast the budget parameters on revenue collection by 51%

TPDC's revenue performance for the financial year 2023/24 fell significantly short of projections by 51%. Although the budgeted revenue was TZS 3.225 trillion, actual collections amounted to only TZS 1.566 trillion, representing 49% of the target. This decline is significant compared to the previous financial year 2022/23, when TPDC had a budget of TZS 2.662 trillion and actual collections reached TZS 2.134 trillion, corresponding to an 80% collection rate.

This is contrary to Section 18(1) of the Budget Act, 2015, and Paragraph 6.2.2 of the TPDC Financial Regulations and Powers of Authority, 2018, which requires the Accounting Officer to ensure that budget preparation aligns with approved plans, safeguard public funds, and oversee financial management through ~~proper~~ governance structures.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2025

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

2.1 INTRODUCTION

Those Charged with Governance (TCWG) present this report together with the audited financial statements for the year ended 30 June 2024, which provides the results of Tanzania Petroleum Development Corporation (the “Corporation” or “TPDC”) and its subsidiaries, Gas Company (Tanzania) Limited (GASCO) and TANOIL Investments Limited (together, the “Group”. Those Charged with Governance prepared this report in compliance with TFRS 1 - The report by those charged with governance issued by NBAA.

The report is addressed to primary users and other stakeholders by setting out an analysis of the Corporation’s operations and financial review with a forward-looking orientation. The report will assist primary users and other stakeholders in assessing the strategies adopted by the Corporation and the potential for those strategies to succeed in creating value over the short-term, medium-term and long-term periods.

2.2 THE CORPORATION CULTURE

TPDC’s culture consists of the shared vision, mission, and core values as provided hereunder.

2.2.1 Vision statement

TPDC’s vision statement provides the outlook and direction of the Corporation to enable employees to undertake their responsibilities with a common purpose. The Corporation’s vision is:

“To be a world-class integrated National Oil Company competing nationally, regionally and globally.”

2.2.2 Mission statement

TPDC mission statement summarises the Corporation’s purpose of existence and how customers’ expectations will be met. The Corporation’s mission is:

“To participate and engage in the exploration, development, production and distribution of oil and gas-related services, safeguard the national supply of petroleum products and natural gas, and maintain quality and safety standards to protect people, property and the environment.”

2.2.3 Core Values

TPDC core values represent the moral boundaries within which the Corporation operates. They define personality and are ethical standards by which the

Corporation's employees would be measured. The values are TPDC's commitment to its stakeholders.

- I. **Integrity:** We are committed to honesty, accountability, and ethical behaviour in every action and decision, as well as building trust and fostering lasting relationships.
- II. **Transparency:** We value open and honest communication, ensuring clarity in our actions and decisions to build trust and foster accountability.
- III. **Professionalism and excellence:** *we are committed to professionalism and business excellence. We prioritise innovation and sustainable growth, making fact based decisions and embracing a commercial mindset to pioneer new markets, products and services and deliver exceptional value.*
- IV. **Respect:** we value and honour the diversity, ideas and contributions of every individual, fostering an inclusive environment built on trust and dignity.
- V. **Teamwork:** We foster a collaborative environment where mutual respect, open communication and shared goals drive collective success.
- VI. **Environment and safety:** We prioritise the health and safety of our people and communities while actively protecting the planet for future generation

2.3 NATURE OF OPERATIONS

TPDC, which is under the Ministry of Energy, was established under the Public Corporations Act No. 17 of 1969 through the Tanzania Petroleum Development Corporation (Establishment Order) Government Notice No.140 of 30 May 1969. Mandates of TPDC under the Petroleum Act and TPDC Establishment Order are summarised as follows:

- a) To undertake Tanzania's commercial aspects of petroleum in the upstream, midstream and downstream operations;
- b) To advise the Government on policy matters about the petroleum industry;
- c) To participate in petroleum reconnaissance, exploration and development projects;
- d) To carry out specialised operations in the petroleum value chain using its subsidiaries;
- e) To handle the Government's commercial participating interests in the petroleum industry;
- f) To manage the marketing of the country's share of petroleum received in kind;
- g) To develop in-depth expertise in the petroleum industry;

- h) To investigate and propose new upstream, midstream and downstream ventures at local and international levels;
- i) To contract, hold equity or participate in oil services and supply chain franchises of other licenses; and
- j) To perform any petroleum activities and related functions.

TPDC has exclusive rights over natural gas midstream and downstream value chain to:

- a) Safeguard the national interest in the natural gas industry;
- b) Participate in the development and strategic ownership of natural gas projects and businesses on behalf of the Government;
- c) Carry out specialised operations in the natural gas value chain through its subsidiaries;
- d) Aggregate natural gas, own and operate major gas infrastructures;
- e) Promote investment in gas activities;
- f) Acquire, analyse and disseminate information on issues relating to natural gas;
- g) Own pipeline network from central gathering stations to wholesale distribution and end-user;
- h) Plan and propose midstream and downstream ventures and participate in venture projects;
- i) Implement the gas master plan;
- j) Promote local content in the natural gas value chain;
- k) Hold land for key oil and natural gas projects; and
- l) Perform any other functions as directed by the Government.

In addition, the Petroleum Act of 2015, among other things, mandated that TPDC carry out specialised operations in the petroleum value chain using subsidiary companies. GASCO and TANOIL have been incorporated as limited liability companies, and TPDC wholly owns their shares.

Gas Company (Tanzania) Limited was incorporated on 13 August 1985. It remained dormant until 2014 when it was revived. In 2015, TPDC designated the newly revived GASCO to carry out the operation and maintenance of the National Natural Gas Infrastructure (NNGI).

TANOIL Investments Limited was initially incorporated as the Commercial Petroleum Company (COPEC) on 22 March 1999 to conduct oil business. Following the Government's decision towards liberalisation of the petroleum sub-sector, effective on 1 January 2000, COPEC remained dormant effective from 31 December 1999. After consulting

stakeholders, the name TANOIL was proposed, and it was then adopted by TPDC's management and later approved by TPDC's Board of Directors.

TPDC is governed by the Board of Directors established under Section 7 of the Government notice. The Board is responsible for overseeing the management of the corporation's business and affairs. TPDC Head Office is in Dodoma.

2.4 OBJECTIVES AND STRATEGIES

The objective of the Corporation in carrying out its functions and exercising its powers as provided in the establishing Act is to enhance the benefits of Petroleum activities in Mainland Tanzania by:

- a) To undertake Tanzania's commercial aspects of petroleum in the upstream, midstream and downstream operations;
- b) To advise the Government on policy matters about the petroleum industry;
- c) To participate in petroleum reconnaissance, exploration and development projects;
- d) To carry out specialised operations in the petroleum value chain using its subsidiaries;
- e) To handle the Government's commercial participating interests in the petroleum industry;
- f) To manage the marketing of the country's share of petroleum received in kind;
- g) To develop in-depth expertise in the petroleum industry;
- h) To investigate and propose new upstream, midstream and downstream ventures at local and international levels;
- i) To contract, hold equity or participate in oil services and supply chain franchises of other licenses; and
- j) To perform any petroleum activities and related functions.

2.4.1 Strategies for Achieving Objective

The Corporation was implementing its Strategic Plan (2018/19-2022/23) whereby the Office of the Treasury Registrar granted the extension of one year to the Financial year ended 2023/24. The Strategic Plan is the leading instrument for planning, priority setting and decision making. It facilitates the discharging of the role and functions of the Corporation for the period of five (5) years, from the financial year 2018/19 to 2023/24.

Specifically, the Plan emphasises strategies to be executed to achieve the strategic objectives.

The Strategic Plan has five (5) strategic objectives whose implementation is summarized into short-term, medium-term and long-term periods: -

I. Maximise exploitation of hydrocarbon resources;

(a) Short-Term

- Enhanced and sustained natural gas production from the two producing fields by undertaking compression systems and wells intervention. The investments enabled the natural gas production in Mnazi Bay and Songo Songo gas fields to increase from 46.4 BCF to 88.8 BCF per year.
- The Corporation, in collaboration with the Operator, prepared the Field Development Plan (FDP), applied for, and facilitated the application for the Development License. It appeared before several government decision-making committees to clarify and defend the application, ultimately obtaining a Development License to enable the commencement of development activities at the Ntorya location.
- In collaboration with the operator, acquired, processed and interpreted 338 sq. km of 3D seismic data in the Ruvuma Block that led to the re-evaluation of the initially discovered natural gas resources. The re-evaluation revealed increased discovered resources from 1.6 TCF to 3.45 TCF.

(b) Medium- Term

- Re-interpreted 840-line km of 2D seismic data leading to confirmation of two prospects (Chocha and Afisi) with the mean prospective resources of ~1.2 TCF of natural gas. Further, completed well planning for Chocha-1 well intended to test the Chocha Prospect.
- Planned, acquired, processed and preliminarily interpreted 260-line km of 2D seismic data in the Eyasi Wembere Block. The preliminary interpretation results of the 260-line km 2D seismic data enabled the planning of an additional 779-line km of infill 2D seismic data to delineate exploration drilling locations.
- In search for a strategic partner, conducted technical discussions with over five international oil companies who expressed their interest regarding the prospective resource of approximately 968 Bcf of gas initially in place (P50) in the Mnazi Bay North Block, based on the interpretation of 131 sq. km of 3D seismic data.

(c) Long-Term

Signed a MoU with China National Offshore Oil Corporation (CNOOC) in addition to the existing MoU with ENH to jointly establish the commercial viability of Blocks 4/1B and 4/1C. The draft principles to guide discussions for a joint technical study of this project are in progress.

II. Safeguard supply of petroleum products in Tanzania;

(a) Short-Term

- Supply of Natural Gas to downstream end-user customer continued steadily at 60.79 bcf compared to 58.87 bcf in the 2022/23 Financial Year.
- TPDC participated in Bulk Procurement System (BPS) bids and won two bids for delivering GASOIL in the country as a Tier 2 Supplier.

(b) Medium- Term

Negotiated and signed a total of seven (7) new GSA(s) with downstream end user customers, where 3 were industrial customers and 3 were institutional commercial customers (i.e. hotels).

(c) Long-Term

- Negotiated and signed 20 years GSA with ARA Petroleum Tanzania Limited, TPDC and Ndovu Resources (all as Sellers of raw gas from the Ntorya Gas Field) whereby TPDC will be a Buyer to that GSA.
- Launched the clean cooking strategy (2024 - 2034) in collaboration with the Ministry of Energy aimed at ensuring access to affordable, reliable, sustainable and modern energy for all.
- Continued with the implementation of the planned gas pipeline from Ntorya gas field to Madimba Gas Processing Plant (34.2km long) whereby selection and valuation the pipeline wayleave was concluded. ESIA studies along the selected wayleave reached 90% during the period while the project' detailed engineering design and cost estimates reached 85% completion during the period.
- Connection of the KEDA float glass factory to the gas supply network which will enable TPDC to secure sales of an estimated 5MMscfd for the next ten years was completed during the period.
- CNG mother/daughter station project in Dar es Salaam (one mother station and one daughter receiving and storage station for Muhimbili National Hospital) and Kibaha (one daughter receiving and storage station for Kairuki Pharmaceutical Industry) was ongoing and reached 40% during the period of reporting.
- Issued and opened an expression of interest (IoE) to bidders for procuring a consultant to undertake feasibility study, select wayleave, conduct ESIA and undertake project' front end engineering design & cost estimates for potential gas pipeline from Dar es Salaam to Chalinze via several industrial parks in Kibaha including Kwala.

- The NNGI continued to operate and deliver services to end user customers of gas without interruption while prioritizing long term integrity and sustainability of the facilities.

III. Strengthen TPDC organisational capacity and operations;

(a) Short- Term

- Signed an MoU with Pertamina, enabling one hundred (100) staff from TPDC and other government institutions to participate in a secondment program in Indonesia by August 2025.
- Signed an MoU with Maurel et Prom, facilitating secondment opportunities for TPDC staff in the Mnazi Bay petroleum operations
- Undertaken twenty-six (26) Corporate Social Responsibility (CSR) programs.

(b) Medium- Term

- Entered into a Head of Terms (HoT) for a Joint Venture Agreement with Rosetta and Africa50 to collaboratively assess the feasibility and potential development of the Mini LNG project

(c) Long-Term

- Sponsored long-term professional development programs for staff, including postgraduate studies and technical certifications in petroleum and energy management, ensuring enhanced technical and managerial capacity.
- Facilitated leadership and governance training for senior management staff to align with best practices in corporate governance and strategic decision-making.
- Institutionalized a continuous improvement framework, focusing on operational excellence and accountability through the revision and implementation of key internal policies.
- Enhanced organisational sustainability through initiatives aimed at reducing operational costs, improving resource utilization, and building long-term financial resilience.

IV. Reduce Stress related illnesses, HIV/AIDS infections; and

(a) Short- Term

- Provided Care and support services to PLWHIV.
- Conducted Training Program on HIV AIDS and non-communicable diseases.

(b) Medium- Term

- Audit on implementation of HIV AIDS programs conducted and assurance reports issued.

(c) Long-Term

- Programs to fight HIV/AIDS and Non-Communicable Diseases (NCD) at work place conducted.

V. Effect, Enhance and Sustain the Implementation of National Anti-Corruption Strategy.

(a) Short- Term

- Zero tolerance level on corruption practices and malpractice maintained.
- Conducted Training Programs on anti-corruption.
- Created Awareness on Anti corruption through printed banners and stickers.
- Risk assessments and fraud related audits performed.

(b) Medium- Term

- Anti-corruption programs prepared and implemented.
- Prepared a draft Fraud Risk Management Framework.

(c) Long-Term

- Enhanced Security Systems.
- Enhanced Financial control systems and measures.

2.4.2 Managing Operations of the Corporation

The overall management of the Corporation is conferred to the Board of Directors which is required to ensure adherence to the governing laws and procedures. The Board delegates the day to day management of the Corporation to the Managing Director who is assisted by Directors and other Senior Management. Directors and Senior Managers are invited to attend Board meetings to facilitate a smooth conduct of the Board meetings. Directors and Senior Managers have a role to ensure effective control of all operational activities, acting as a medium of communication and coordination between various operational areas.

In managing the external environment of the Corporation, the Board has established the system where the Management engages key stakeholders by holding consultative meetings with them and receive their comments or views on the Corporation's performance and other issues relevant for effective regulation of the petroleum sector.

The Board has established a Risk Management Framework, which guides on risk management process including monitoring of external and Internal environment which may impact the business process of the Corporation.

2.5 STATEMENT OF SERVICE PERFORMANCE INFORMATION

The Corporation's Service Performance Information discloses information needed for accountability and decision-making purpose, primarily to help users of the report by Those Charged with Governance to understand what the Corporation had set out to achieve (target) and what it has achieved (results). The service performance information is generally being a mix of qualitative and quantitative reporting. The reporting of service performance information is based under the below elements:

- (i) Outcomes: what the Corporation seeks to achieve in terms of its impact on society; and
- (ii) Outputs: the goods or services that the Corporations delivers during the financial year.

The Corporation reporting of service performance information is provided in this report under below paragraphs:

2.5.1 Key Performance Indicators

The Corporation's Key Performance Indicators (KPIs) are reported based on the implementation of the annual Plan and Budget derived from the Corporate Strategic Plan (2018/19-2022/23). The KPIs for the year ended 30 June 2024 are given under Table below:

Key Performance Indicators for the Year 2023/24

Objectives	Target for 2023/24	Key Performance Indicators	Implementation Status as of 30 June 2024	Budget (TZS, Millions)	Actual (TZS, Millions)
A: Maximize exploitation of hydrocarbon resources;	Ensure the continued production of hydrocarbon reserves and discovery of potential sedimentary basins and/or value addition to at least 4 blocks within the country by June 2024	A potential Strategic partner was acquired.	• Held discussions with potential strategic partners on the possibility of jointly undertaking exploration in the Block. The discussions involved reviews of technical aspects and economic model	1,799.78	238.55
		• The seismic data of the block interpreted • A Drilling Management Consultant (DMC) procured	• Completed the re-interpretation of 840-line km of 2D seismic data and well panning in WSS Block. The interpretation of seismic data revealed two potential prospects (Chocha and Afisi) with the mean prospective resources of ~1.2 TCF of natural gas • Tender for securing a Drilling Management Consultant (DMC) to advise the procurement process of long lead items, drilling service and drilling rig and supervise drilling operations failed at the evaluation stage. • Terms of reference for asset valuation and procurement of partners have been prepared	1,990.95	146.02
		A potential Strategic partner was acquired.	Exploration in Block 4/1B and 4/1C	290.82	91.73

[illegible]

					B: Safeguard supply of petroleum products in Tanzania.
				Develop the natural gas infrastructure to enhance gas distribution in at least 4 regions of the country by June 2024	
	Natural Gas Distribution Network to industries in the Pwani Region	Block has been prepared and submitted to the MoE for further review and action. • Design Engineering, Procurement, Installation and Commissioning of Natural Gas Infrastructure to KEDA Ceramics Co. Ltd - Mkuranga (BVS 13). ✓ The project was commissioned on 24th June 2024. The gas is now at the outlet of daughter FMS at KEDA factory. KEDA is still working to complete and commission her internal connections. • Dar to Chalinze Natural Gas Transmission Pipeline ✓ EOI was opened on 7th June 2024. The Evaluation Committee was appointed on 15 June 2024, and the evaluation is ongoing. The evaluation was completed, and the report is being prepared. • EPC for Natural Gas Distribution Network in Mkuranga and connection of three industries (ECO PLASTIC, KAMAKA IT SOLUTION LTD and AMIRON PHARMACEUTICAL EQUIPMENT) ✓ GSA negotiations with the customers are in progress; once the GSAs are signed, a tender to procure a contractor will be initiated.	6,928.78	462.96	
	Natural Gas Distribution Project in the Pwani Region	The contract between TPD and LOTAH was signed on 13th June 2024, and the kick-off meeting and site handover to the Contractor was held on 20th June 2024. Currently, the team contractor and TPD are carrying out a site survey to confirm the houses to be undertaken preliminary projects activities The household survey was undertaken	1,575.92	253.71	

[illegible]

		The Corporation participated in the project. TPDC participated in Bulk Procurement System (BPS) bids Oil (AGO & PMS) purchased and sold	Construction of Natural Gas Pipeline Project from Tanzania to Kenya ✓ The draft documents for the Bilateral Agreement between Tanzania and Kenya and the joint procurement rules have been prepared. These documents will be used to procure a consultant to undertake the feasibility study of the project. ✓ The draft documents for the Bilateral Agreement between Tanzania and Kenya and the joint procurement rules have been prepared. These documents will be used to procure a consultant to undertake the feasibility study of the project. Bulk Oil Importation Operations ✓ During the period under review, TPDC participated in Bulk Procurement System (BPS) bids and won two bids for shipping and supply of Gasoil. ✓ The first Gasoil cargo weighing 69,860 metric tons was imported as of December 2023, amounting to USD 58.32 million, and generated a profit of USD 472,420.7838. The second cargo weighing 94,828 metric tons amounting to USD 78 million, is expected to be delivered between 19th August 2024 to 21st August 2024. Participate in the Oil marketing business ✓ During the year under review, TPDC, through TANOL, planned to purchase and sell 208.8 million litres of products (AGO 124.8million litres and PMS 84 million litres) however, it managed to purchase 60.5 million litres (AGO 42.9 million and PMS 17.55 million litres) and sale 59.1 million litres (AGO 41.4 million litres and PMS 17.7 million litres). This translates to 31.5%	195.53 1,510,543 563,135	64.43 147,880 179,244
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[illegible]

		The TPDC's equity contribution paid The Corporation participated on the project execution.	✓ Up to 31st May 2024, the Corporation fully paid its equity contribution of USD 308 million to EACOP Ltd. Despite the achievement of this milestone, shareholders agreed to continue funding equity as a result of delays in securing external debt in a timely manner. In June 2024, TPDC started to pay part of its increased equity share of USD 68 million to the tune of USD 17.4 million. So, towards June 2024, a total amount of USD 324.73 million has been contributed as an equity contribution to the company; ✓ The Early Civil Works [ECW] for 14 camps involving cutting and filling, levelling and compaction, fencing, construction of sewage systems and roads entering completed. Camp erection is ongoing at MC-PS1, MCPY-3, 6, 7, 8, 9, 10, 11 & 15. Decisions to mobilise resources for camps installations at MCPY 16 & 16 are going; ✓ Construction of above-ground installations (AGIs) and pipelines progressed to earn 40.2% and 79% in engineering design, respectively. During the reporting period, construction of the AGIs and pipeline commenced with progress reported at 17% and 9%, respectively, of the actual work at the ground; ✓ The Construction of a Thermal Insulation System (TIS) Plant is completed by 81%, up from 73% reported in March 2024. The TIS Plant line 1 Production testing is ongoing. For line 2, 90% of the equipment	429,634.52	335,114.21
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[illegible]

			staff on HIV infections and increase supportive services		
		Two training sessions for TPDC staff. Expected outcome: Increase awareness of the importance of a corruption-free work environment		Create transparency and accountability in TPDC operations by June 2024	E: Implementation of the National Anti-Corruption Strategy enhanced, and sustained
		Two anti-corruption training sessions for all of the corporation's employees were conducted as planned.			
		43.28			
		12.56			

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2.5.2 Implementation Status of the Corporate Strategic Plan

The Corporation implemented the planned activities under the Five Years Corporate Strategic Plan (2018/19-2022/23) whereby the Office of the Treasury Registrar granted the extension of one year to the Financial year ended 2023/24. Some of the key results/major activities and developments which took place during the financial year ended 30 June 2024 included the following:

1. Maximize exploitation of hydrocarbon resources

Under this objective, TPDC aimed to increase hydrocarbon resources discovery, extraction, processing, transmission, distribution, and utilisation to meet the market demand. These entailed undertaking exploration activities in the Eyasi Wembere, Mnazi Bay North, West Songo Songo, Lake Tanganyika North, 4/1B, and 4/1C Blocks, participation in the Tanzania LNG Project and International Energy Companies (IECs) locks through Production Sharing Agreements (PSAs). The corporation had a number of targets which were planned to be achieved together with performance and achievement as follows;

- Conduct Hydrocarbon Exploration in Mnazi Bay North.

TPDC has continued with discussions with potential strategic partners on the possibility of jointly conducting exploration in the Block. It has also conducted a review of technical aspects and Economic models prior to the engagement of strategic partners. A cabinet paper has been prepared to facilitate the signing of a Block PSA with the Government.

- Conduct Hydrocarbon Exploration in Eyasi Wembere Block

The Corporation has continued with exploration activities in the Eyasi Wembere project, and out of the planned targets during the year, the corporation was able to achieve the following;

1. Internal interpretation of the acquired seismic data completed (260-line km)
2. The tender to secure a Consultant for interpretation is at the awarding stage
3. The tender to secure a contractor for the acquisition of an additional 914.7-line km of 2D seismic data and Data QC Consultant is at the awarding stage.
4. Conducted Awareness program for upcoming 2D infill seismic campaign.
5. Draft agreement between TPDC and TTL (Helium One) on co-existence in the Block has been prepared and submitted to the MoE for further review and action.

- Conduct Hydrocarbon Exploration in West Songo Songo

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Using a consultant, the Corporation has completed a review of geological and geophysical data in the West Songo Songo Block that led to the identification of two prospects (Chocha and Afisi) with the estimated prospective resource of GIP of 1.225 TCF and prepared a drilling program. TPDC is finalizing the procurement process to engage a drilling management consultant to drill exploration wells. Terms of reference for asset valuation and procurement of partners have been prepared.

- **Hydrocarbon Exploration in Block 4/1B and 4/1C**

The blocks lie in the southern east of Tanzania in the ultra-deepwater with a depth of up to 3 km bordering Mozambique on the south part. The Block is strategically located on the Eastern part of Block 1 and the Southern part of Block 2, operated by SHELL and Equinor, respectively, where gas discoveries were made and are now in preparation for development.

During the year under review, TPDC was able to achieve the following;

1. The MoU between TPDC and CNOOC to undertake Technical studies was signed on 18/10/23.
2. The draft Joint Study Agreement (JSA) was shared with CNOOC after AG's vetting. Other alignments between TPDC and CNOOC are ongoing.

Further, TPDC is currently waiting for a grant of licenses after resubmission of the applications for exploration licenses over MnaziBay North, West Songo Songo, Eyasi Wembere and Lindi Blocks following the Ministry's directives.

- **LNG development project participation**

The TLNG project, one of Tanzania's significant historical projects, is underway and is expected to cost nearly USD 43 billion. This project aims to commercialise substantial natural gas discoveries made in the deep offshore basin between 2010 and 2015 from blocks 1, 2, and 4 by reducing them to a liquid state through a cooling process for exportation and the utilisation of the portion locally through the Domestic Market Obligation (DMO). During the year under review, TPDC was able to achieve the following;

1. TPDC, in collaboration with International Energy Companies, mobilised a team of experts to undertake a Baseline Survey on the site. The team is finalising the Project Brief Report.
2. Awareness was undertaken to mitigate encroachment at the site
3. The tender for procuring a Contractor to Construct a Likong'o School was opened on 10 June 2024 and is under the evaluation stage.
4. Negotiations between the GNT team and IECs are ongoing

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Further, in May 2023, an important milestone was achieved when the Government and International Energy Companies (IECs) initiated the draft documents for the Tanzania Liquefied Natural Gas TLNG Project. This progress, which is of utmost importance, sets the stage for further developments. The parties agreed that the initiative would be subjected to the approval processes of government machinery and IEC Boards before signing. The Parties continue re-engaging in discussions and negotiating issues from the approval process. Upon reaching a final agreement, parties will sign and move into the implementation phase, starting with the Pre-FEED and FEED works leading to the Final Investment Decision (FID). Based on a recent study by Stanbic Bank, the execution of this project is expected to bring about USD 9 billion to USD 13 billion annually to the economy.

II. Safeguard the supply of petroleum products in Tanzania.

This objective aimed to maintain the National Strategic Petroleum Reserve (SPR) by guaranteeing the country's oil supply during temporary shortages or emergencies and resuming the oil trading business. Under this objective, the corporation had a number of targets which were planned to be achieved together with performance and achievement as follows;

- **Natural Gas Distribution Project in Pwani Region**

In the Coastal Region, the projects for connecting new industrial customers to the gas supply network, Dangote CNG station and KEDA (T) Ceramics Co. Ltd Float Glass in Mkuranga were completed. Activities related to surveys for industrial and CNGV customers and cost estimates to connect new customers in Mkuranga, Kibaha, Mlandizi and Chalinze were done. A project for constructing the natural gas distribution network to connect three industrial customers will be implemented in FY 2024/25. In addition to that, procurement of the consultancy services to undertake gas pipeline wayleave identification, feasibility study with front-end engineering design (FEED) and ESIA for a conceptualised high-pressure natural gas transportation pipeline from Dar es Salaam to Chalinze via various industrial zones/parks in Kibaha, Coast Region was in progress. Actual consultancy services for the conceptualised project will fall in FY 2024/25. Also, during the reporting period, Gas Sales Agreements (GSA) were negotiated and concluded with an industrial customer, namely Sapphire Float Glass Industry in Mkuranga,

- **Natural Gas Distribution Project in Lindi**

In the Lindi Region, Following the commissioning of a 10.4 km gas pipeline project, 209 households at Mnazi Mmoja were also commissioned with a natural gas distribution network to enable the customers to start using natural gas for cooking. Additionally, during the reporting period, TPDC and REA negotiated and signed a contract to allow fund disbursement for financing a project for connecting 451 and 529 households to a

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gas distribution network for cooking at Mnazi Mmoja, Lindi and Mkuranga, Pwani, respectively.

The contract was worth TZS 6,817,284,882.95, of which 60% was disbursed to TPDC. The construction activities are planned to commence in the financial year 2024/25 following approval by TPDC of the project design to be commissioned by a selected EPC contractor (Lootah BC Gas LLC, whose contract was signed with TPDC in June 2024) and finalisation of material procurement by the contractor. This project is aiming at increasing TPDC's footprint in the contribution to clean energy sources for cooking.

- **Natural Gas Distribution Project in Dar es Salaam**

In Dar es Salaam Region, a project for the construction of a 12.4-kilometre natural gas distribution pipeline from Mwenge to Mbezi Beach, including the connection of two industrial customers and six hotels as initial customers to the project, was completed during the reporting period. Construction of a CNG project: One mother CNG station to be located at a leased land of the University of Dar es Salaam, two CNG daughter receiving and storage stations for utilization of gas by the Muhimbili National Hospital, Upanga area in Ilala and Kairuki Pharmaceutical Industry in Kibaha was ongoing during the reporting period. The Detailed Engineering Design (DED) was reviewed, and the contractor could start construction activities for the mother CNG at the site.

During the reporting period, a total of three (2) new Gas Sales Agreements (GSA) were negotiated and concluded with industrial customers, namely Sapphire Float Glass Industry in Mkuranga, Chemi and Cotex Industry and Cotex Industry both along Bagamoyo road, Mbezi Beach right industrial area. In addition, a total of four (4) new GSA(s) were negotiated and concluded with hotel (institutional) customers, namely Ramada Resort by Wyndham Dar es Salaam, Giraffe Hotel, Jangwani Sea Breeze and Serene Beach Resort, both located in Mbezi Beach strip by the sea. Equally, the project has increased our contribution to clean and relatively affordable sources of energy for cooking.

- **Construction of Natural Gas Pipeline from Ntorya to Madimba**

TPDC conducted a valuation of 34.2 km, 20-meter-wide wayleave for a raw gas pipeline project which is under the design stage to offtake raw gas from the Ntorya gas field at Nanguruwe to Madimba Gas Processing Plant. During the period, TPDC compensated the project-affected people on the selected wayleave. Consultancy for undertaking environmental and social impact assessment (ESIA) was completed at over 90 per cent by the end of the reporting period. Furthermore, Detailed Engineering Design and cost estimate was completed at more than 85%. Upon achieving the first gas from this project, additional gas production to the current production capacities of Mnazi Bay and Songo Songo will reinstate the supply capacity and allow new anchor customers, such as those that need large quantities of gas as feedstock (fertiliser and various petrochemicals plants) to be assured of gas availability in a longer term.

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- East African Crude Oil Pipeline project (preliminary activities & construction supervision)

Project activities that progressed during the year included: payment of land compensation to 9,850 PAPs out of 9,923, equivalent to 99.2%; Commissioning of Thermal Insulation Coating Plant Line 1 and progressing with completion of installation and testing of Line 2 by 92%; Construction activities for the Marine Storage Terminal progressed well where TANK A: 1st Shell Plate vertical seam welding, TANK B: Alignment of Bottom Plates completed, TANK C: Grouting ongoing, and TANK D: Sand Backfilling under HDPE with overall progress of 49% and the Terminal is at 14% progress while the construction of Jetty is at 44% progress. Geotechnical investigations for the main camp sites and Above Ground Installations (AGIs) were completed; TPDC completed a cadastral survey for six AGIs sites, obtained the Right of Occupancy, and successfully signed the Land Lease Agreement with EACOP Company.

- Bulk Oil Importation Operations

During the period under review, TPDC participated in Bulk Procurement System (BPS) bids and won two bids for shipping and gasoil supply. One Gasoil cargo weighing 69,860 metric tons was imported as of December 2023 delivery, amounting to USD 58.32 million. The second cargo, weighing 99,359.674 metric tons, amounts to USD 77 million, with a delivery date ranging from 19 August 2024 to 21 August 2024.

- Oil Marketing

During the reporting year, TANOIL implemented the turn-around strategy by reducing the cargo size to match customers' demand with the supply side selling 62.5 million litres compared to 112 litres sold in the year 2022/2023, preparing manuals, policies and other guiding documents for the company operations, collecting outstanding debts amounting to TZS 9.2 billion from defaulting customers out of TZS 30 billion that was outstanding as at 30 June 2023, clearing all cargoes held under Financial Hold, completing reconciliation with suppliers - where a significant amount of TZS 3.8 billion was recovered from disposed financial hold cargoes, made a gross profit of TZS 10.6 billion compared to a gross loss of TZS 28.7 billion reported in 2022/23 and paid taxes amounting to TZS 60 billion. Further details of TANOIL's performance are presented in Note 9 of the financial statements.

III. Strengthen TPDC organisational capacity and operations;

The TPDC organisational capacity and operations are strengthened through training and career development, managing the staffing levels, performance management and

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fulfilling the succession plan. During the 2023/2024 financial year, the Corporation revised its training program to align with the new strategic plan. In the period under review, a total number of 248 staff were trained on both short and long courses both local and abroad.

IV. HIV/AIDS, infection reduced and supportive services improved

The Corporation has an HIV/AIDS awareness program and measures to provide all-encompassing management of HIV/AIDS at the workplace to ensure business continuity. In the year 2023/2024, TPDC conducted a total of two awareness programs for the Management and its staff to raise employees' awareness of HIV/AIDS-related issues.

V. Implementation of the National Anti-Corruption Strategy affected, enhanced and sustained

The corporation has an anti-corruption education program. In the year 2023/2024, TPDC conducted a total of two awareness programs for the Management and its staff as initially planned in the budget.

2.6 TPDC OPERATING MODEL

The Corporation's operating model is the system of transforming inputs, through its operating activities, into outputs and outcomes that aims to fulfil TPDC's strategic purposes and create value over the short, medium and long term. Thus, TPDC Operating Model is explained below: -

2.6.1 Inputs

(a) Human Capital

The Corporation has employed staff with adequate skills and competence to ensure delivery of quality services. Employees are well motivated and perform their duties responsibly and in an ethical manner.

(b) Financial Capital

Financial capital is composed of financial resources obtained from Petroleum business activities. The cooperation as a National Oil Company earns its proceeds from Sale of Natural Gas, Fuel, Condensate, Share of Revenue from PSA, Dividend from Associate, Rent from Investment properties, Land Lease Fees, PSA Licence fees and Training fees and Government Subvention.

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(c) Social and Relationship Capital

In executing its functions, TPDC has established an ethical and transparent relationship with government institutions, customers, suppliers, policy makers and the society in general. The corporation conduct stakeholders' meetings to provided awareness and receive feedback on various corporate issues. TPDC engaged actively on Corporate Social Responsibilities where each year, the corporation set aside funds directed to contribute to the society well-being.

(d) Intellectual Capital

The Corporation has developed a Specialized skilled staff in Gas processing, transportation and distribution of Petroleum products, Gas billing systems for its Domestic Natural Gas Customers and being the licence holder of the PSA blocks.

(e) Natural Capital

The Corporation has been actively engaged in exploration, development and production of hydro carbons ensuring security in the energy sector.

2.6.2 Operating Activities

The Corporation implements a number of activities in converting inputs into quality service delivery. The operating activities are divided into three major Operations;

(a) Upstream Operations

- To participate in petroleum reconnaissance, exploration and development projects;
- To handle the Government's commercial participating interests in the petroleum industry;
- To develop in-depth expertise in the petroleum industry;
- Acquire, analyse and disseminate information on issues relating to Petroleum sector.
- To investigate and propose new upstream ventures at local and international levels;
- To advise the Government on policy matters about the petroleum industry; and
- Safeguard the national interest in the natural gas industry.

Input

- Financial Resources
- Human Resources
- Technical Expertise

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- Equipment and Technology
- Data and Information

Processes

- Exploration License/Reconnaissance permit application
- Geological survey
- Potential Field Survey
- Seismic Survey
- Well Planning and Drilling
- Development
- Production
- Decommissioning
- Regulatory Approvals

Outputs

In its Upstream Operations, the Corporation had the following outputs:

- Acquiring and processing of data of Active Blocks;
- Increased Participation interests from 20% to 40% in the Mnazi bay PSA;
- Signed MoU with Pertamina, which will enable one hundred (100) staff from TPDC and other government institutions to undergo a secondment program in Indonesia by August 2025;
- Entered into a Head of Terms (HoT) for a Joint Venture Agreement with Rosetta and Africa50 to collaboratively assess the feasibility and potential development of the Mini LNG project;
- A new seismic survey design was completed that will identify structures for drilling exploration wells in Eyasi Wembere Block. The exercise for the acquisition and processing of 779-line km, has commenced: and
- The Processing and Interpretation of 3D seismic data have been completed, which has led to the identification of potential areas for well drilling and the increase of gas resources in Ruvuma PSA.

Outcomes

- Increased Proven reserves of hydrocarbons.
- Increased Revenue Generation from Oil and Natural Gas sales.
- Enhanced energy security in the country.
- Contribution to the National Economic Growth.

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(b) Midstream Operations

- Carry out specialized operations in the natural gas value chain through its subsidiaries;
- Aggregate natural gas, own and operate major gas infrastructures
- Operation and Maintenance of the National Natural Gas Infrastructure (NNGI)
- Plan and propose midstream ventures and participate in venture projects;

Inputs

- Financial Resources
- Human Resources
- Technical Expertise
- Equipment and Technology
- Data and Information

Processes

- Processing, Transportation and distribution of Natural Gas.
- Procurement and construction of Equipment for Operation and Maintenance of Natural Gas Infrastructure.
- Regulatory Approvals.

Output

In its Midstream Operations, the Corporation had the following outputs:

- conducted operations and maintenance of the infrastructures with prudence, resulting in the NNGI being maintained at 100% availability;
- A total volume of 45,988.04 MMSCF of natural gas was received for processing, with the Madimba plant receiving 32,738.51 MMSCF from the Mnazi Bay gas field, and the Songo Songo plant receiving 13,249.53 MMSCF from the Songo Songo gas field; and
- A total quantity of 45,724.17 MMSCF was exported through the pipeline to customers, with the Madimba and Songo Songo processing plants exporting total gas volumes of 32,636.11 MMSCF and 13,088.06 MMSCF, respectively; and
- 3,062 tons of condensate were produced from both Madimba and Songo Songo processing plants.

Outcomes

- Reliable supply of Gas to downstream customers

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• Mitigated operational risks such as Gas leaks that may lead to huge losses to the corporation.

(C) Downstream Operations

- Promote investment in gas activities;
- Plan and propose downstream ventures and participate in venture projects;
- Implement the gas master plan
- Promote local content in the natural gas value chain
- Own pipeline network from central gathering stations to wholesale distribution and end-user
- Hold land for key oil and natural gas projects; and
- Perform any other functions as directed by the Government.

Inputs

- Financial Resources
- Processing Facilities
- Market Intelligence and Expertise
- Human Resources

Processes

- Oil and Gas Projects Concept Developments
- Purchase and sale of natural gas
- Oil & Gas Infrastructure Design and Construction
- Purchase and Sale of Oil Products.
- Regulatory Approvals.

Output

In its Downstream Operations, the Corporation had the following outputs:

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- supplied natural gas to all connected customers (power generation plants, industries and commercial/non-commercial institutions, gas to CNG stations for vehicles as well as households;
- participated in Bulk Procurement System (BPS) bids and won two bids for shipping and gasoil supply. One Gasoil cargo weighing 69,860 metric tons was imported as of December 2023 delivery, amounting to USD 58.32 million. The second cargo, weighing 99,359.674 metric tons, amounts to USD 77 million.
- Sold 62.5 Million Litres of AGO and PMS through its subsidiary OMC TANOIL.
- Construction of a gas supply network for 451 households to the gas supply network for cooking at Mnazi Mmoja, Lindi, as well as 529 households at Mkuranga, Pwani;

Outcomes

- Increased Accessibility of Energy to Customers
- Revenue growth from increased sales to customers
- Contribution to Local and National Economic Growth.
- Enhanced Customer Satisfaction.

2.6.3 Outcomes

The following were noted outcomes:

- Concluded four (4) Gas Sales Agreements (GSA) with Obtained a Development Licence that will enable the commencement of development activities at the Ntorya location;
- Increased customer satisfaction;
- Increased compliance among shipping agents;
- Improved maritime safety standards;
- Decreased number of maritime accidents;
- Increased volume of tonnage tallied on break bulk cargo and
- Increased operational efficiency of shipping agencies' services.

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2.7 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.7.1 Corporate Strategic Plan

The Corporation was implementing its Strategic Plan (2018/19-2022/23) where by the extension of one year was granted by the Office of the Treasury Registrar to the Financial year ended 2023/24. The Strategic Plan is the leading instrument for planning, priority setting and decision-making. It facilitates the discharging of the Corporation's role and functions for five (5) years, from the financial year 2018/19 to 2023/24. Specifically, the Plan emphasizes strategies to be executed to achieve the strategic objectives.

The Corporation's current and future development and performance are explained below:

The gas industry in Tanzania is of significant importance, with the country's gas consumption steadily increasing. The current daily gas demand for power generation plants and other uses is almost equal to the existing field-producing capacity. Natural gas, which contributed about 60% of the total power generation in the National grid during the financial year, is a crucial component. Other natural gas customers include industries using gas as heating fuel and captive power generation, as well as commercial/non-commercial institutions, including households and vehicles, where gas is used as an alternative transport fuel replacing diesel and petrol.

TPDC continued to undertake its mandated functions in the petroleum value chain, including exploration, development, and production of petroleum products and participation in midstream and downstream oil and gas operations and trading.

A total area of 54,764.5 km², approximately 5.74% of the total area of the United Republic of Tanzania, has been licensed for hydrocarbon exploration. Currently, TPDC and International Energy Companies (IECs') operate ten (10) active exploration and production licences in various Blocks. Operational PSAs include Blocks 1, 2, and 4 located in the offshore basins and Ruvuma, Ruvu, Tanga, Nyuni, Songo Songo, Mnazi Bay, and Kiliwani-North PSAs located in the onshore basins.

TPDC is implementing four flagship projects in the National Five-Year Development Plan 2021/22 - 2025/26 (FYDP III): The Eyasi-Wembere and Mnazi Bay North Petroleum Exploration Projects, the Construction of the LNG Plant, and East Africa Crude oil Pipeline (EACOP). TPDC participates in exploration activities with IECs through Production Sharing Agreements (PSAs) as a license holder. The current gas resources discovered offshore and onshore stand at 57.54 trillion cubic feet (TCF), with offshore resources at 47.13 TCF and onshore resources at 10.41 TCF.

A substantial portion of these resources from the offshore, about 47.13 TCF, will be developed by TPDC and the IECs', namely, Shell Exploration Petroleum Tanzania Limited of the Netherlands and Equinor of Norway through the LNG project, a project of

significant importance to our economy. This joint effort will ensure the efficient development and utilization of these resources for export and domestic use. Currently, the project is in the Host Government Agreement (HGA) negotiations stage between the Government of Tanzania (GoT) and the IECs'. Upon signing of HGA documents, presumably with condition precedence between Gas developers and the Government during negotiations, implementation of the Pre-FEED and FEED stages of the project will commence. The Development Licence will be granted to TPDC upon submission of the Final Development Plan by Gas developers and after completion of the FEED stage.

The Songo Songo and Mnazi Bay fields, the only onshore gas producers, have a total capacity of 240 mmscfd. TPDC and the IECs are developing the Ntorya gas field, which is expected to deliver about 140 mmscfd (with full field capacity).

TPDC's Upstream activities are comprehensive and forward-looking. They encompass a continued review of subsurface data in all Blocks. A detailed interpretation of the 260-line km of 2D seismic data acquired in Eyasi Wembere Block, the acquisition and processing of 779-line km of 2D seismic data in Eyasi Wembere, and the preparation of drilling and exploration well in West Songosongo Block were done. The focus is on exploration for oil at the Eyasi-Wembere block and natural gas at the West Songosongo block.

TPDC as a key player in the gas industry operates and maintains the NNGL, which processes, transports, and distributes natural gas to end users. TPDC also plays a crucial role in bulk fuel importation through the Bulk Procurement System under PBPA, while TANOIL undertakes oil marketing activities.

2.7.2 Future Developments

TPDC is determined to start implementing its long-term corporate strategic plan, which, among other things, aims to achieve long-term and forward-focused strategic goals for the corporation to continue being a sustainable commercial State-Owned Enterprise (SOE). This involves providing a reliable, accessible, and affordable energy source by pioneering new opportunities within the oil and gas sector, such as virtual connections and regional pipelines, and fostering the monetisation of available oil and gas resources. The aim is to expand the oil and gas sector's existing product and services portfolio by ensuring regional connectivity and a global footprint.

The corporation's new strategies are firmly rooted in responsible practices. These strategies aim to Strengthen workplace health, safety, and environment, fulfil social responsibilities, and enhance governance practices. The initiatives are designed to improve the industry, create millions of Tanzanian jobs, and improve the forex. These goals inspire hope about the economic impact of our strategic plan. We also aim to provide consumers with lower energy costs while ensuring energy security.

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The corporation is strategically accelerating gas production with a commercial focus. It aims to play a significant role in the Ntorya field development, with a participation interest of at least 15% alongside ARA Petroleum Tanzania Limited. This partnership is geared towards delivering natural gas by 2025. The corporation is also focused on securing exploration licenses and strategic partners for exploration activities in TPDC Blocks such as Mnazi Bay North, Eyasi Wembere, West Songo Songo, and Block 4/1 B & 4/1C. TPDC is positioning itself to participate in the LNG development project, leveraging its participation interest and its role as a license holder and landlord.

In the mid and downstream operations, TPDC, through GASCO, is dedicated to the operation and maintenance of NNGI. This commitment ensures that gas is efficiently processed, transmitted, and distributed to end users. The corporation is also focused on expanding the natural gas distribution infrastructure through pipeline construction and the use of CNG. This expansion is aimed at supporting domestic gas utilization for power generation, industrial, institutional, household, and CNGV use. The distribution infrastructures will be established in Mtwara, Lindi, Pwani, and Dar es Salaam. Additionally, the Corporation is planning to implement a project to deliver CNG for vehicles in Morogoro and Dodoma through mobile CNG stations, which will be replenished by tube trailers from the CNG mother station currently under construction along Sam Nujoma Road.

In the realm of oil trading and marketing, TPDC expects to continue its participation in the bulk importation of fuel through the Bulk Procurement System under PBPA, rehabilitating Tank No.8, and implementing the EACOP project. This reaffirms its commitment to the oil trading and marketing sector. Through TANOIL, its Oil Marketing Company, TPDC will continue to undertake oil marketing operations, explore other ventures such as LPG & lubricants and engage in transit business to further solidifying its position in the industry.

Our engagement in the Bulk Oil Importation through TPDC and in the Oil Marketing through our subsidiary company, TANOIL, will not only contribute to the overall profitability of the group but also foster transparency in the entire oil trading business (importation and distribution) in the country and help to achieve security of oil supply.

A) Upstream Operations

I. Exploration Activities

- **Mnazibay North Block**

Mnazi Bay North Block has an area covering [506.7] km2 offshore Tanzania (< 1,000m water depth) and lies in a strategic location in the offshore Ruvuma Basin between the two gas discoveries of Mnazi Bay Gas Field and Block-1's Chaza-1 Gas discovery. The Block is close to the existing National Natural Gas Infrastructures (NNGI) comprised of processing and 551km transmission pipeline with an installed capacity of processing

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210mmscfd and transporting 784mmscfd (when related 1002mmscfd) from Mtwara to Dar es salaam respectively.

The block is covered by 131sqkm of 3D Seismic processed to pre-stack Time Migration (PSTM) and pre-stack Depth Migration (PSDM), of which the geophysical evaluation report suggests the presence of potential prospects estimated to contain 0.968TCF base case Gas Initial in Place (GIIP) as prospective volumes. TPDC focused on securing partners to advance exploration activities in the Block by drilling exploration wells in identified prospects. Several companies have shown interest and were engaged through data viewing to evaluate the potentiality of the Block and make decisions regarding partnering with TPDC in the Block.

- **Eyasi Wembere Block**

The Eyasi Wembere Basin, located in northern Tanzania along the eastern branch of the Great East African Rift System, holds significant potential for Oil Discovery. Its geology, similar to that of the Albertine Basin in Uganda and the Lackcher Basin in Kenya, which have both discovered a commercial quantity of oil, is a source of excitement and anticipation for potential investors and partners.

TPDC has successfully acquired and processed 260-line km of 2D seismic data and conducted an initial interpretation, contributing to the planning and design of additional seismic surveys in the area. Additionally, the procurement process for a consultant to fully understand the acquired 2D seismic data is nearing completion. Furthermore, TPDC has signed a three-year contract to acquire 914.7-line km of 2D seismic data within the block, aiming to interpret the acquired data and identify potential areas for drilling exploration wells or areas for infill seismic data acquisition.

- **West Songo Songo Block**

The West Songo Songo Block is located onshore/ near Shore Southern Tanzania (< 100m water depth) and lies about 10km west of the Songo Songo main gas-producing field, covering an area of [505.63] sq.km. Evaluation of existing 2D seismic data suggests the presence of a potential resource of 1.225 TCF Gas Initial in Place (GIIP) from two structures.

Using a consultant, the Corporation has completed a review of geological and geophysical data in the West Songo Songo Block that led to the identification of two prospects (Chocha and Afisi) with the estimated prospective resource of GIIP of 1.225 TCF and prepared a drilling program. TPDC is finalising the procurement process to engage a drilling management consultant to drill exploration wells.

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● Block 4/1 B & 4/1C

The blocks lie in the southern east of Tanzania in the ultra-deepwater with a depth of up to 3 km bordering Mozambique on the south part. The Block is strategically located on the Eastern part of Block 1 and the Southern part of Block 2, operated by SHELL and Equinor, respectively, where gas discoveries were made and are now in preparation for development.

A preliminary technical evaluation of the Block was conducted using the available 2D seismic data (770.71 lines per kilometre), highlighting areas for further exploration. TPDC is looking for a partner to conduct additional exploration activities, appraise the field, and develop and produce the discovered resource.

Further, TPDC is currently waiting for a grant of licenses after resubmission of the applications for exploration licenses over MnaziBay North, West Songo Songo, Eyasi Wembere and Lindi Blocks following the Ministry's directives.

II. LNG Development

The TLNG project, one of Tanzania's significant historical projects, is underway and is expected to cost nearly USD 43 billion. This project aims to commercialise substantial natural gas discoveries made in the deep offshore basin between 2010 and 2015 from blocks 1, 2, and 4 by reducing them to a liquid state through a cooling process for exportation and the utilisation of the portion locally through the Domestic Market Obligation (DMO). TPDC plays a crucial role in the consortium as an investor with potential participation interest and license holder per terms of the Agreements. Furthermore, TPDC will be the landholder and gas aggregator for the portion of DMO gas, underscoring its significant contribution to the project and instilling confidence in its successful execution.

In May 2023, an important milestone was achieved when the Government and International Energy Companies (IECs) initiated the draft documents for the Tanzania Liquefied Natural Gas TLNG Project. This progress, which is of utmost importance, sets the stage for further developments. The parties agreed the initialled would be subjected to the approval processes for Government machinery and IEC Boards before signing. The Parties continue re-engaging in discussions and negotiating issues from the approval process. Upon reaching a final agreement, parties will sign and move into the implementation phase, starting with the Pre-FEED and FEED works leading to the Final Investment Decision (FID). Based on a recent study by Stanbic Bank, the execution of this project is expected to bring about USD 9 billion to USD 13 billion annually to the economy.

B) Mid and Downstream Operations

The Corporation implements mid and downstream operations in the aspects of oil and natural gas as described below:

1: Downstream Natural Gas Operations

During the period under review, the total amount of gas dispatched to power plants was 51,741.75 MMSCF, down from 52,463.13 MMSCF in 2022/23. For industrial segment, a total of 9,035.27 MMSCF up from 6,406.80 MMSCF in 2022-23 of gas was supplied to industrial customers in Dar es Salaam (Coca-Cola), Pwani (Goodwill Ceramics, Lodhia Steel, Knauf Gypsum, Raddy Fibre, LN Future, Balochistan and Sapphire Float Glass) and Mtwara (Dangote). For the vehicle segment, a total of 8.66 MMSCF was due to the CNG station in Mkuranga, which started operations at the end of November 2023. A decrease in the quantity of gas supplied to Power Plants during the financial year is due to the operation of the Julius Nyerere Hydropower Station. An increase in gas supply to industries during the financial year is due to the connection of new industries such as Sapphire Float Glass. A total of 6.77 MMSCF, up from 4.73 MMSCF in 2022-23 was supplied to household customers in Dar es Salaam, Lindi and Mtwara and institutional customers for cooking which include UDSM Cafeteria 1, Mtwara Technical Secondary School (MTSS), Mtwara Teachers College (MTC), Mtwara Technical Teachers College (MTTC) and the Lilungu Prison in Mtwara. Further, TPDC continued to implement natural gas distribution projects in four (4) Regions of Mtwara, Lindi, Pwani and Dar es Salaam.

In Mtwara Region, TPDC conducted a valuation of 34.2 km, 20-meter-wide wayleave for a raw gas pipeline project which is under the design stage to offtake raw gas from the Ntorya gas field at Nanguruwe to Madimba Gas Processing Plant. During the period, TPDC compensated the project-affected people on the selected wayleave. Consultancy for undertaking environmental and social impact assessment (ESIA) was completed at over 90 per cent by the end of the reporting period. Furthermore, Detailed Engineering Design and cost estimate was completed at more than 85%. Upon achieving the first gas from this project, additional gas production to the current production capacities of Mnazi Bay and Songo Songo will reinstate the supply capacity and allow new anchor customers, such as those that need large quantities of gas as feedstock (fertiliser and various petrochemicals plants) to be assured of gas availability in a longer term.

In the Lindi Region, Following the commissioning of a 10.4 km gas pipeline project, 209 households at Mnazi Mmoja were also commissioned with a natural gas distribution network to enable the customers to start using natural gas for cooking. Additionally, during the reporting period, TPDC and REA negotiated and signed a contract to allow fund disbursement for financing a project for connecting 451 and 529 households to a gas distribution network for cooking at Mnazi Mmoja, Lindi and Mkuranga, Pwani, respectively. The contract was worth TZS 6,817,284,882.95, of which 60% was disbursed to TPDC. The construction activities are planned to commence in the financial year 2024/25 following approval by TPDC of the project design to be commissioned by a

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selected EPC contractor (Lootah BC Gas LLC, whose contract was signed with TPDC in June 2024) and finalization of material procurement by the contractor. This project is aiming at increasing TPDC's footprint in the contribution to clean energy sources for cooking.

In the Coastal Region, the projects for connecting new industrial customers to the gas supply network, Dangote CNG station and KEDA (T) Ceramics Co. Ltd Float Glass in Mkuranga were completed. Activities related to surveys for industrial and CNGV customers and cost estimates to connect new customers in Mkuranga, Kibaha, Mlandizi and Chalinze were done. A project for constructing the natural gas distribution network to connect three industrial customers will be implemented in FY 2024/25. In addition to that, procurement of the consultancy services to undertake gas pipeline wayleave identification, feasibility study with front-end engineering design (FEED) and ESIA for a conceptualised high-pressure natural gas transportation pipeline from Dar es Salaam to Chalinze via various industrial zones/parks in Kibaha, Coast Region was in progress. Actual consultancy services for the conceptualised project will fall in FY 2024/25. From the preliminary study conducted by TPDC in the last financial year, it was indicated that about 50 industrial customers in Kibaha and Chalinze could be willing to switch from various energy sources to natural gas hence helping TPDC to diversify its customer base following the reduction of gas demand by our anchor customer, TANESCO, which will affect our revenue projections in the short and medium term.

In Dar es Salaam Region, a project for the construction of a 12.4-kilometre natural gas distribution pipeline from Mwenge to Mbezi Beach, including the connection of two industrial customers and six hotels as initial customers to the project, was completed during the reporting period. Construction of a CNG project: One mother CNG station to be located at a leased land of the University of Dar es Salaam, two CNG daughter receiving and storage stations for utilization of gas by the Muhimbili National Hospital, Upanga area in Ilala and Kairuki Pharmaceutical Industry in Kibaha was ongoing during the reporting period. The Detailed Engineering Design (DED) was reviewed, and the contractor could start construction activities for the mother CNG at the site.

Very importantly, during the reporting period, a total of three (3) new Gas Sales Agreements (GSA) were negotiated and concluded with industrial customers, namely Sapphire Float Glass Industry in Mkuranga, Chemi and Cotex Industry and Cotex Industry both along Bagamoyo road, Mbezi Beach right industrial area. In addition, a total of four (4) new GSA(s) were negotiated and concluded with hotel (institutional) customers, namely Ramada Resort by Wyndham Dar es Salaam, Giraffe Hotel, Jangwani Sea Breeze and Serene Beach Resort, both located in Mbezi Beach strip by the sea. Equally, the project has increased our contribution to clean and relatively affordable sources of energy for cooking.

In the next financial year of 2024/25, Downstream Natural Gas Operations will continue to undertake the following activities:

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- I. Continue to supply natural gas to all connected customers (power generation plants, industries and commercial/non-commercial institutions, gas to CNG stations for vehicles as well as households,
- II. Construction of one mother CNG station in Dar es Salaam and two daughter stations (one at Muhimbili National Hospital and another at Kairuki Pharmaceutical Industry in Kibaha) will be completed and commissioned,
- III. Supply and commissioning of mobile CNG stations for vehicles in Dar es Salaam (3), Morogoro (1) and Dodoma (2),
- IV. Construction of gas supply infrastructure through GASCO to privately owned planned CNG stations of BQ along Goba road, and Energo along Coca Cola Road Mikocheni,
- V. Supervision of gas supply infrastructure to privately owned planned CNG stations to be implemented through pre-financing arrangements (Taqa Dalbit to be located along Sam Nujoma; TANHEALTH station to be located at Mbezi Africana along Igesa road; Tanzania States Natural Gas Holding Company to be located at Kunguru Street adjacent to Goba road; PUMA stations at Mbezi Beach along Bagamoyo road, Mwenge junction to Sam Nujoma road and Tegeta near IPTL power plant),
- VI. Construction of the raw gas pipeline from the Ntorya gas field to the Madimba gas processing plant,
- VII. Construction of a gas supply network for 451 households to the gas supply network for cooking at Mnazi Mmoja, Lindi, as well as 529 households at Mkuranga, Pwani, and
- VIII. Supervision of consultancy services contract for undertaking wayleave acquisition, front-end engineering design and construction project cost estimates, as well as environmental and social impact assessment for a high-pressure gas pipeline from Kinyerezi to Chalinze.
- IX. Supervision of consultancy services contract for undertaking Detailed Engineering Design for natural gas distribution network at the Government City - Mtumba.

Planned projects under the Midstream and Downstream natural gas operations are aimed at:

- I. Increase revenues and achieve targeted profitability levels of TPDC from the gas business portfolio.
- II. Increase TPDC's contribution to the National Clean Energy Strategy, which was launched in May 2024.
- III. Diversification of customer bases and stability of revenue projections while reducing over-reliance on one big anchor customer such as TANESCO.
- IV. Expand uses of Natural Gas as the choice source of transportation fuel by replacing petrol and diesel and hence contribute to reducing the balance of trade through the reduction in oil importation.

2: Downstream Oil Trading Operations

During the period under review, the following activities were achieved:

i. Bulk Oil Importation Operations

During the period under review, TPDC participated in Bulk Procurement System (BPS) bids and won two bids for shipping and gasoil supply. One Gasoil cargo weighing 69,860 metric tons was imported as of December 2023 delivery, amounting to USD 58.32 million. The second cargo, weighing 99,359.674 metric tons, amounts to USD 77 million, with a delivery date ranging from 19 August 2024 to 21 August 2024.

ii. The East African Crude Oil Pipeline Project (EACOP)

The implementation phase for the East African Crude Oil Pipeline Project (EACOP) began after the signing of the Host Government Agreement in May 2021. The overcharging mandate for shareholders of EACOP Ltd to execute the Project was the signing of the Shareholders Agreement on 4th November 2021. TPDC is among the four shareholders of EACOP Ltd, with an equity interest of 15%. Other shareholders are Total Energies Holding EACOP SAS (62%), NPC Ltd (15%) and CEPME Ltd (8%). On 1st February 2022, Shareholders of the company declared a Final Investment Decision (FID). Since the attainment of the project FID, the implementation of project activities continued, whereby in the financial year 2022/23, TPDC and EACOP Company collaboratively continued delivering critical path milestones for the Project, which achieved 39.6% of its overall implementation.

Project activities that progressed included: payment of land compensation to 9,850 PAPs out of 9,923, equivalent to 99.2%; Commissioning of Thermal Insulation Coating Plant Line 1 and progressing with completion of installation and testing of Line 2 by 92%; Construction activities for the Marine Storage Terminal progressed well where TANK A: 1st Shell Plate vertical seam welding, TANK B: Alignment of Bottom Plates completed, TANK C: Grouting ongoing, and TANK D: Sand Backfilling under HDPE with overall progress of 49% and the Terminal is at 14% progress while the construction of Jetty is at 44% progress. Geotechnical investigations for the main camp sites and Above Ground Installations (AGIs) were completed; TPDC completed a cadastral survey for six AGIs sites, obtained the Right of Occupancy, and successfully signed the Land Lease Agreement with EACOP Company.

During the year, TPDC paid off its initial equity investment to the company amounting to USD 308 million (100%), equivalent to TZS 740.51 billion compared to USD 164.53 million (53%) reported in June 2023. TPDC, as a Shareholder, will continue to honour its obligation under the Shareholders' Agreement.

Aside from its multiplier effect, the EACOP project will contribute to the country through its local content and employment. This is not just a short-term gain but a potential catalyst for long-term economic growth. In terms of monetary value, the government is

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expected to receive income from dividends from the 15% TPDC shareholding participation, a land lease fee based on the existing agreement with EACOP, and various taxes and fees based on the agreed IGA and the HGA.

In the year 2024/25, TPDC will continue to work with the Project Company in delivering key project milestones, including the finalization of payment of Land Compensation for the remaining 73 PAPs, completing the right of occupancy for the reserved land, continuing with Thermal Insulation for line Pipes at TIS plant; facilitating the importation of cargos; supervising actual construction of the pipeline to earn 75% of the project overall schedule by the year-end.

iii. Oil Marketing

During the reporting year, TANOIL implemented the turn-around strategy by reducing the cargo size to match customers' demand with the supply side selling 62.5 million litres compared to 112 litres sold in the year 2022/2023, preparing manuals, policies and other guiding documents for the company operations, collecting outstanding debts amounting to TZS 9.2 billion from defaulting customers out of TZS 30 billion that was outstanding as at 30 June 2023, clearing all cargoes held under Financial Hold, completing reconciliation with suppliers - where a significant amount of TZS 3.8 billion was recovered from disposed financial hold cargoes, made a gross profit of TZS 10.6 billion compared to a gross loss of TZS 28.7 billion reported in 2022/23 and paid taxes amounting to TZS 60 billion. Further details of TANOIL's performance are presented in Note 9 of the financial statements.

iv. Strategic Petroleum Reserve (SPR)

In June 2024, a Team composed of several Government institutions, namely the President's Office, Ministry of Finance, Ministry of Energy, Energy and Water Utilities Regulatory Authority, Bank of Tanzania, Petroleum Bulk Procurement Agency, Tanzania Petroleum Development Corporation and TANOIL was formed. This collaborative effort is a testament to the corporation's commitment to involving all stakeholders in the strategic initiatives. The preparation of the concept paper commenced alongside checking the practicability of implementing SPR in the country in the current situation. Before the completion of the report, the Team has identified the need to engage and consult several stakeholders so that SPR plans can be aligned with major strategic projects, petroleum distribution infrastructures in place and the Country's transportation infrastructure road map, including the Standard Gauge Railway and the wagons for carrying petroleum products and white petroleum products pipelines in place and construction plans, e.g. Tanzania to Uganda and TAZAMA pipelines. Moreover, in the financial year 2024/25, TPDC plans to procure a consultant and conduct a feasibility study to implement the Strategic Petroleum Reserve.

3: Midstream Natural Gas Operations

The Corporation owns natural gas processing plants and pipelines operated and maintained by its subsidiary company (GASCO). The plant facilities are located at Madimba (Mtwara region) and Songo Songo (Lindi region), with the capacity of processing 210 MMSCFD (3 trains) and 140 MMSCFD (2 trains), respectively. The pipeline infrastructures consist of 36", 24" and 16" -pipelines with a length of 551km from Mtwara and Songo Songo to Dar es Salaam designed to transport 784 MMSCFD of natural gas and up to 1,002MMSCFD with introduction of compression facility. Additionally, GASCO operates several other medium and low-pressure pipeline networks and the associated facilities that transport natural gas to power, industrial, domestic and CNG customers in Dar es Salaam, Mtwara, Lindi and Coast regions.

Assuring the availability of natural gas for downstream customers is the primary function of GASCO on behalf of TPDC. In the year under review, we conducted operations and maintenance of the infrastructures with prudence, resulting in the NNGI being maintained at 100% availability. A total volume of 45,988.04 MMSCF of natural gas was received for processing, with the Madimba plant receiving 32,738.51 MMSCF from the Mnazi Bay gas field, and the Songo Songo plant receiving 13,249.53 MMSCF from the Songo Songo gas field. A total quantity of 45,724.17 MMSCF was exported through the pipeline to customers, with the Madimba and Songo Songo processing plants exporting total gas volumes of 32,636.11 MMSCF and 13,088.06 MMSCF, respectively. In addition, 3,062 tons of condensate were produced from both Madimba and Songo Songo processing plants, showcasing the efficiency of our operations.

i. FINANCIAL PERFORMANCE FOR THE YEAR

The Group's total revenue for the financial year 2023/24 declined by 32%, falling to TZS 1.19 trillion from TZS 1.75 trillion in the financial year 2022/23. This decline was primarily driven by a reduction in fuel sales within the Bulk Oil Business and a decrease in the quantity of fuel sold by the subsidiary, Oil Marketing Company - TANOIL. Bulk oil importation is inherently competitive and operates on a tendering system where contracts are awarded through bidding. This process introduces a significant level of uncertainty, as the outcome of tenders is subject to factors beyond the corporation's control, such as market conditions, competitor strategies, and regulatory changes. Consequently, the corporation couldn't secure the tenders as anticipated, contributing to the decline in revenue.

Despite the overall decline in revenue, the Group saw steady performance in its natural gas business. Revenue generated from the sale of natural gas in the financial year 2023/24 amounted to TZS 734.39 billion, compared to TZS 589.95 billion recorded in the previous year. This increase was attributable to the increase in demand of Industrial customers such as Sapphire Float Glass, Goodwill Ceramics and Dangote Cement, as well as the addition of new customers, including Balochistan, LN Future, Chemi & Cotex, and Dangote CNG Station.

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Furthermore, The Group recorded a gross profit of TZS 310 billion, reflecting a 61% increase from the TZS 192.99 billion recorded in the previous financial year 2022/23. Various factors, including increased sales volume to Industrial Customers and increased upstream revenue, primarily drove this increase in gross profit.

The Group's net profit for the financial year 2023/24 was TZS 248.75 billion, an increase of 427% compared to the TZS 47.25 billion recorded in 2022/23. This growth in net profit was mainly driven by non-recurring transactions, including foreign exchange gains and other income from the acquisition of went-worth asset rights in the Mnazi Bay gas field.

The Corporation recorded a net profit of TZS 249.42 billion in its standalone financial statements for the year 2023/24, compared to TZS 128.19 billion in the previous year. On the subsidiary side of Note 9, noteworthy is the performance of TANOIL, which recovered from a loss of TZS 76.56 billion in 2022/23 to post a profit of TZS 657 million in 2023/24. This recovery underscores the effective strategies implemented by TANOIL in response to market challenges and its improved operational efficiency. Additionally, GASCO posted a net loss of TZS 1.33 billion for 2023/24, recovering from a loss of TZS 4.59 billion in the previous year.

As of 30 June 2024, the Group's total assets amounted to TZS 5.05 trillion, up from TZS 4.07 trillion recorded in 2023. This asset increase was driven by current and non-current asset growth. Key drivers to this growth were the acquisition of Wentworth asset rights in the Mnazi Bay gas field, which increased the Group's participation by 20% and increased trade and other receivables.

The Group's total liabilities as of 30 June 2024 were TZS 1.13 trillion, an increase from TZS 842 billion reported in the previous year. This rise in liabilities is primarily due to increased trade and other payables, reflecting higher operational and capital expenditure.

The Group closed the financial year with cash and cash equivalents amounting to TZS 233.40 billion, reflecting an increase of TZS 12.83 billion from the TZS 220.57 billion reported in 2022/23. Despite the increase in cash at the end of the period, the cash balance could have been reported higher. However, over the period, it has been tied up by long overdue debt from the anchor gas customer TANESCO. The strategies to recover the debt from TANESCO to improve cash flow are elaborated in Note 14 of the financial statements. The available cash balance is strategically allocated to fund significant capital expenditures related to key development projects. These include LNG, the East African Crude Oil Pipeline (EACOP), the Mnazi Bay North exploration, the Eyasi Wembere basin exploration, and the Gas distribution project. The commitment of these funds underscores the Group's focus on advancing its strategic initiatives and ensuring its operations' continued growth and expansion.

The table below highlights key financial performance indicators for the financial year 2023/24.

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S/N	Description	2023/2024	2022/2023	2021/2022
	Liquidity Ratios			
1	Current ratio	1.72	1.53	1.29
2	Quick ratio	1.63	1.50	1.26
	Profitability Ratios			
3	Revenue Growth (%)	(31.71%)	(1.73%)	222%
4	Gross Profit Margin (%)	26%	11%	11%
5	Net Profit Margin	30%	2.64%	5%
	Leverage Ratios			
6	Debt to Assets ratio	0.22	0.21	0.92
7	Debt to Equity ratio	0.28	0.26	13.68

From the above table, the key financial ratios are interpreted as follows;

(i) Liquidity Ratios.

The liquidity ratios measure the Group's ability to meet its short-term obligations as they become due. The current and quick ratios show improvements over the past three financial years, indicating a stronger liquidity position:

- **Current Ratio:** The Group's current ratio improved to 1.72 in 2023/24 from 1.53 in 2022/23 and 1.29 in 2021/22. This indicates that for every TZS 1 of liabilities, the Group had TZS 1.72 of current assets to cover them. This improvement signifies enhanced short-term financial health.
- **Quick Ratio:** The quick ratio increased to 1.63 in 2023/24 from 1.53 in 2022/23 and 1.26 in 2021/22. Excluding inventory from current assets, this ratio also demonstrates that the Group has ample liquid assets to cover immediate liabilities. A quick ratio above 1 indicates the company's ability to handle short-term obligations without relying on inventory sales.

(ii) Profitability Ratios.

Profitability ratios provide insight into the Group's ability to generate earnings relative to its revenue and costs:

- **Revenue Growth:** The Group experienced a decline in revenue growth, with a decrease of 32% in 2023/24 compared to a decline of 1.73% in 2022/23. This drop reflects the Group's top-line performance challenges, primarily driven by reduced fuel sales in the Bulk Oil and Oil Marketing Business.
- **Gross Profit Margin:** Despite the revenue decline, the Group's gross profit margin rose sharply to 26% in 2023/24 from 11% in both 2022/23 and 2021/22. This improvement indicates better cost management and a stronger focus on higher-margin business areas, particularly the natural gas segment, which helped maintain profitability despite lower revenues.

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- **Net Profit Margin:** The Group's net profit margin significantly improved to 12% in 2023/24, compared to 2.64% in 2022/23 and 5% in 2021/22. This improvement reflects the Group's ability to manage expenses effectively and benefit from non-operating income, such as the revaluation gain, which contributed to the increase in net profit.

(iii) Leverage Ratios.

Leverage ratios assess the degree to which the Group's assets are financed by debt and equity:

- **Debt to Assets Ratio:** The debt to assets ratio remained stable at 0.22 in 2023/24 compared to 0.21 in 2022/23. This indicates that 22% of the Group's assets were financed by debt, a manageable level that shows prudent debt management compared to 92% in 2021/22, attributed to the government conversion of the Exim loan to Equity.
- **Debt to Equity Ratio:** The debt to equity ratio was 0.28 in 2023/24, slightly higher than 0.26 in 2022/23 but a vast improvement from 13.68 in 2021/22. This indicates that the Group's reliance on debt relative to equity remains low, reflecting a stable capital structure and reduced financial risk compared to prior periods when debt levels were considerably higher.

(iv) Significant Aspects of the statement of profit or loss.

(a) Revenue

The Corporation's total revenue during the year ended 30 June 2024 was TZS 1.19 trillion (30 June 2023: TZS 1.75 trillion), which is a decrease of TZS 553.96 billion equivalent to -32%. During the year the revenue collected from sale of natural gas and protected gas increased due to an increase in the consumption of natural gas by TZS 147.56 billion. Meanwhile, the decrease in revenue was largely attributed by a decrease in sale of fuel through Bulk Procurement System (BPS) where the Corporation won two cargoes compared to three cargoes won in 2023.

(b) Cost of Goods Sold

The Corporation's cost of goods sold during the year ended 30 June 2024 was TZS 882.84 billion (30 June 2023: TZS 1.55 trillion), which is a decrease of TZS 671.28 billion equivalent to -43%. During the year the purchase of natural gas took a significant upturn of TZS 85.25 billion, meanwhile, the downturn in the purchase of fuel amounting to TZS 762.91 billion through Bulk Procurement System and retail marketing contributed to the decline.

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(c) Other Income

The Corporation's income from other sources of revenue during the year ended 30 June 2024 was TZS 226.68 billion (30 June 2023: TZS 41.84 billion), which is an increase of TZS 184.84 billion, equivalent to 442%. This increase resulted from receipt of revenue grant from REA for financing natural gas distribution projects in Mkuranga and Lindi districts. Also, receipt from land lease fee received from EACOP, receipt from the acquisition of Wentworth and foreign exchange gain largely attributed to the increase in income from other sources for the year 2024.

(d) Other Expenses

The Corporation's operating expenses for the year ended 30 June 2024 amounted to TZS 159.74 billion (30 June 2023: TZS 134.72 billion). The major components of expenditure during the year were:

- (i) Staff Cost amounted to TZS 48.17 billion (30 June 2023: TZS 28.23 billion); this increase of 50% was attributed to the implementation of a new incentive scheme with improved staff entitlements rate and the addition of staff recruited through PSRS;
- (ii) Transport and travel expenses amounted to TZS 14.16 billion (30 June 2023: TZS 11.97 billion); this increase of 57% was attributed to the implementation of a new incentive scheme with improved staff entitlements rate starting from July 2023;
- (iii) Outsourced goods and services amounted to TZS 27.12 billion (30 June 2023: TZS 11.99 billion). This increase of 102% was attributed to the consultancy fees paid for winding up costs relating to the acquisition of Wentworth.
- (iv) Profit for the year was TZS 248.75 billion (30 June 2023 TZS 47.25 billion). This increase was attributed to a major increase in gains from foreign exchange transactions and an increase in profit from the natural gas business.

(v) Significant Aspects of Statement of Financial Position

(a) Cash and Cash Equivalents

The Corporation closed the financial year with cash and cash equivalents amounting to TZS 233.4 billion, reflecting an increase of TZS 12.83 billion from the TZS 220.57 billion reported in 2022/23. Despite the increase in cash at the end of the period, the cash balance could have been reported higher. However, over the period, it has been tied up by long overdue debt from the anchor gas customer TANESCO. The strategies to recover the debt from TANESCO to improve cash flow are elaborated in Note 14 of the financial statements. The available cash balance is strategically allocated to fund significant capital expenditures related to key development projects. These include LNG, the East African Crude Oil Pipeline (EACOP), the Mnazi Bay North exploration, the Eyasi Wembere basin exploration, and the Gas distribution project. The commitment of these funds

underscores the Group's focus on advancing its strategic initiatives and ensuring its operations' continued growth and expansion.

(b) Trade and Other Receivables

The analysis of the recorded performance on receivables as at 30 June 2024 indicates that the Corporation had cumulative receivables and prepayments of TZS 1.53 trillion (30 June 2023: TZS 978.84 billion) consisting of receivables from exchange transactions of TZS 1.24 trillion (30 June 2023: TZS 889.69 billion) and receivables from non-exchange transactions of TZS 281.96 billion (30 June 2023: TZS 89.15 billion). During the year, TPDC recognized an additional receivable of TZS 189.67 billion in respect of the amount paid to EACOP as a project cash call on behalf of the Government and the amount paid to the transaction advisor of the LNG project on behalf of the Government.

Also, the prepayments consist of USD 27.18 million advanced by TPDC to Maurel & Prom as an interim guarantee to secure gas purchases from the Mnazi Bay gas field. The Gas Sales Agreement (GSA) signed in Sept. 2014 between TPDC and Other Mnazi bay partners (Sellers) requires the buyer (TPDC) to provide payment security (guarantee) to secure gas purchases from the field Since the security could not be obtained timely, parties mutually agreed to allow for an interim arrangement where TPDC advanced a sum of USD 27.18 into M&P account in August 2015. The guarantee shall be drawn by Sellers in case the buyer defaults in settling invoices within the due dates;

(c) Property and Equipment

The property and equipment during the year ended 30 June 2024 stood at TZS 2.14 trillion (30 June 2023: TZS 2.20 trillion). The difference was attributed to the additional WIP of TZS 16.63 billion relating to the ongoing exploration activities in the Eyasi Wembere block, capitalization of the domestic natural gas distribution project in Lindi—Mnazi Mmoja, and construction of the trunkline from BVS 3 to Lindi—Mnazi Mmoja, amounting to TZS 6.16 billion.

(d) Intangible Assets

As of 30 June 2024, the intangible assets were TZS 866 million (30 June 2023: TZS 14.10 billion). The difference was attributed to the full impairment of FTG data, which was previously recognized as an intangible asset with an indefinite useful life.

(e) Trade and Other Payables

The payables as at 30 June 2024 were TZS 421.87 billion (30 June 2023: TZS 157.88 billion), the major part of the payables being payables due to related parties, which is largely attributed by payable to the Oil and gas Fund, payables from the natural gas purchase and payables from oil marketing business.

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(f) Overall Performance

As of 30 June 2024, the Corporation's total assets amounted to TZS 5.05 trillion, up from TZS 4.07 trillion recorded in 2023. This asset increase was driven by current and non-current asset growth. Key drivers to this growth were the acquisition of Wentworth asset rights in the Mnazi Bay gas field, which increased the Group's participation by 20% and increased trade and other receivables.

The Corporation's total liabilities as of 30 June 2024 were TZS 1.13 trillion, an increase from TZS 842 billion reported in the previous year. This rise in liabilities is primarily due to increased trade and other payables, reflecting higher operational and capital expenditure.

The general financial performance indicates that the Corporation's existing sources of revenue can sustain the execution of its functions. However, the Corporation shall continue to closely monitor its current sources of revenue and explore other sources of revenue to enable it to sustain its operations services to the public, monitor expenditure operations, and control expenses within approved budgets.

ii. LEVEL OF CAPITAL EXPENDITURE

During the reporting period, the Corporation spent TZS 67.01 billion to acquire an additional 20% participating interests in the Mnazi Bay Gas field from Wentworth Gas (T) Ltd, TZS 408.51 billion being capital injection to EACOP, TZS 16 billion concerning exploration activities in the Eyasi Wembere block. Additionally, the corporation acquired land valued at TZS 503 million.

iii. DESCRIPTION OF BUDGET INFORMATION

The approved annual revenue collection estimates by the Corporation in the financial year 2023/24 was TZS 3.76 trillion compared to TZS 2.66 trillion of the previous year 2022/23. The actual collection of FY 2023/24 was TZS 1.55 trillion, equivalent to 41% of the total budget in FY 2023/24, compared to TZS 2.14 trillion collected in FY 2022/23, equivalent to 80% of the total budget for FY 2022/23. The decrease in collection is attributed to the volatile nature of the oil business.

The approved annual Expenditure estimates by the Corporation in the financial year 2023/24 was TZS 3.76 trillion compared to TZS 2.66 trillion of the previous year 2022/23. The actual expenditure of FY 2023/24 was TZS 1.50 trillion, equivalent to 40% of the total budget in FY 2023/24, compared to TZS 2.03 trillion spent in FY 2022/23, equivalent to 76% of the total budget for FY 2022/23. The decrease in expenditure is due to the decline in revenue collection during the reporting period.

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iv. ANALYSIS OF CORPORATION'S EXTERNAL ENVIRONMENT

External environment refers to all factors outside the control of the corporation that may have positive or negative effects on the achievement of the corporation's goals. Below are the analysed external environments:

Political Aspects

Tanzania enjoys political stability that is conducive to a stable investment climate. With this stability, TPDC can operate smoothly and attract local and international partners to venture into huge capital investments in the energy sub-sectors.

Some of the political decisions in favour of TPDC include the Government support for the oil and gas trade to be part of bilateral and multilateral trading agreements with neighbouring countries, a clean cooking strategy across the country is targeted to reach at least 80% usage by 2034, measures to use natural gas in power generation, transportation, industries, and households reduces imported fuel costs, petroleum projects and the Government invests in major projects through TPDC for example the construction of a USD 3.5 Billion Crude Oil Pipeline (EACOP).

Economic Aspects

Demand for gas and petroleum products is expected to rise, primarily due to increased public and private spending, the implementation of structural reforms, and an improved business and investment environment. The economy is expected to maintain its growth following increased public and private investment resulting from structural reforms.

Social Aspects

According to the 2022 national population census, 61,741,120 people live in Tanzania, 21,544,623 live in urban areas, and 40,196,497 live in rural areas. With an average 33 annual growth rate of 3.2 per cent, the population will reach 89,204,781 by 2035. The middle class in urban areas, plus the clean cooking strategy that the Government has recently launched, Apart from the foregoing demographic pattern, the Government is investing heavily in social sectors such as health and education to ensure a well-educated and healthy population. Because of these interventions, the Petroleum business and TPDC will contribute positively to society by providing all access to cleaner energy solutions.

Technological Aspects

Digital technology continues to evolve, and TPDC has taken some advantage of the available technologies. Such technologies have facilitated improved operations and decision-making. TPDC is considering the adoption of recent technologies such as the Internet of Things (IoT), Artificial Intelligence and Machine Learning, Big Data and analytics, Robotics and Automation, 3D Modelling and Visualization technology.

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These technologies will help TPDC gather, analyze, and track real-time data to maximize field recovery, eliminate non-productive time, and drive the field's profitability. Furthermore, they possess positive potential to improve operational efficiency, streamline supply chain management, and improve decision-making by accessing real-time data and remote areas, which will reduce human exposure to hazardous situations.

Environmental Aspects

The global call for de-carbonization in favour of clean energy in the future will impact the existing and future TPDC investments that are predominantly fossil fuels. Upon its culmination in 2050, the de-carbonization campaign will negatively impact TPDC as it will likely not be able to extract untapped resources, and its existing natural gas infrastructure may be redundant. To mitigate the impact of the de-carbonization campaign, TPDC effectively utilises the existing potential during the transition period.

Legal Aspects

TPDC, as a national oil company (NOC), commits to complying with the legal provisions of various legislations within which it operates. The Petroleum Act has empowered government participation in revenue generation and prioritization of local content across the Oil and Gas value chain. Further, it mandates TPDC and contractors to satisfy the domestic market, whereby the supply of gas and costs shall be determined based on the strategic nature of the project to be undertaken by the government rather than following the market forces of demand and supply.

Despite positive avenues provided by the legal framework, few bottlenecks pose a significant challenge to TPDC growth, for instance, the Public Procurement Act and Environmental laws.

2.8 FUTURE DEVELOPMENTS

TPDC is determined to start implementing its long-term corporate strategic plan, which, among other things, aims to achieve long-term and forward-focused strategic goals for the corporation to continue being a sustainable commercial State-Owned Enterprise (SOE). This involves providing a reliable, accessible, and affordable energy source by pioneering new opportunities within the oil and gas sector, such as virtual connections and regional pipelines, and fostering the monetisation of available oil and gas resources. The aim is to expand the oil and gas sector's existing product and services portfolio by ensuring regional connectivity and a global footprint.

The corporation's new strategies are firmly rooted in responsible practices. These strategies aim to Strengthen workplace health, safety, and environment, fulfil social responsibilities, and enhance governance practices. The initiatives are designed to improve the industry, create millions of Tanzanian jobs, and improve the forex. These

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goals inspire hope about the economic impact of our strategic plan. We aim to provide consumers with lower energy costs while ensuring energy security.

The corporation is strategically accelerating gas production with a commercial focus. It aims to play a significant role in the Ntorya field development, with a participation interest of at least 15% alongside ARA Petroleum Tanzania Limited. This partnership is geared towards delivering natural gas by 2025. The corporation also focuses on securing exploration licenses and strategic partners for exploration activities in TPDC Blocks such as Mnazi Bay North, Eyasi Wembere, West Songo Songo, and Block 4/1 B & 4/1C. TPDC is positioning itself to participate in the LNG development project, leveraging its participation interest and role as a license holder and landlord.

In the mid and downstream operations, TPDC, through GASCO, is dedicated to the operation and maintenance of NNGI. This commitment ensures that gas is efficiently processed, transmitted, and distributed to end users. The corporation is also focused on expanding the natural gas distribution infrastructure through pipeline construction and the use of CNG. This expansion aims to support domestic gas utilization for power generation, industrial, institutional, household, and CNGV use. The distribution infrastructures will be established in Mtwara, Lindi, Pwani, and Dar es Salaam. Additionally, the Corporation plans to implement a project to deliver CNG for vehicles in Morogoro and Dodoma through mobile CNG stations, which will be replenished by tube trailers from the CNG mother station currently under construction along Sam Nujoma Road.

In oil trading and marketing, TPDC expects to continue participating in bulk fuel importation through the Bulk Procurement System under PBPA, rehabilitating Tank No.8, and implementing the EACOP project. This reaffirms its commitment to the oil trading and marketing sector. Through TANOIL, its Oil Marketing Company, TPDC will continue to undertake oil marketing operations, explore other ventures such as LPG and lubricants, and engage in transit business to further solidify its position in the industry.

Our engagement in Bulk Oil Importation through TPDC and in Oil Marketing through our subsidiary company, TANOIL, will not only contribute to the group's overall profitability but also foster transparency in the entire oil trading business (importation and distribution) in the country and help achieve security of oil supply.

C) Upstream Operations

III. Exploration Activities

- Mnazi Bay North Block

Mnazi Bay North Block has an area covering [506.7] km² offshore Tanzania (< 1,000m water depth) and lies in a strategic location in the offshore Ruvuma Basin between the two gas discoveries of Mnazi Bay Gas Field and Block-1's Chaza-1 Gas discovery. The

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Block is close to the existing National Natural Gas Infrastructures (NNGI) comprised of processing and 551km transmission pipeline with an installed capacity of processing 210mmscfd and transporting 784mmscfd (when related 1002mmscfd) from Mtwara to Dar es salaam respectively.

The block is covered by 131sqkm of 3D Seismic processed to pre-stack Time Migration (PSTM) and pre-stack Depth Migration (PSDM), of which the geophysical evaluation report suggests the presence of potential prospects estimated to contain 0.968TCF base case Gas Initial in Place (GIIP) as prospective volumes. TPDC focused on securing partners to advance exploration activities in the Block by drilling exploration wells in identified prospects. Several companies have shown interest and were engaged through data viewing to evaluate the potentiality of the Block and make decisions regarding partnering with TPDC in the Block.

- **Eyasi Wembere Block**

The Eyasi Wembere Basin, located in northern Tanzania along the eastern branch of the Great East African Rift System, holds significant potential for Oil Discovery. Its geology, similar to that of the Albertine Basin in Uganda and the Lackcher Basin in Kenya, which have both discovered a commercial quantity of oil, is a source of excitement and anticipation for potential investors and partners.

TPDC has successfully acquired and processed 260-line km of 2D seismic data and conducted an initial interpretation, contributing to the planning and design of additional seismic surveys in the area. Additionally, the procurement process for a consultant to fully understand the acquired 2D seismic data is nearing completion. Furthermore, TPDC has signed a three-year contract to acquire 914.7-line km of 2D seismic data within the block, aiming to interpret the acquired data and identify potential areas for drilling exploration wells or areas for infill seismic data acquisition.

- **West Songo Songo Block**

The West Songo Songo Block is located onshore/ near Shore Southern Tanzania (< 100m water depth) and lies about 10km west of the Songo Songo main gas-producing field, covering an area of [505.63] sq.km. Evaluation of existing 2D seismic data suggests the presence of a potential resource of 1.225 TCF Gas Initial in Place (GIIP) from two structures.

Using a consultant, the Corporation has completed a review of geological and geophysical data in the West Songo Songo Block that led to the identification of two prospects (Chocha and Afisi) with the estimated prospective resource of GIIP of 1.225 TCF and prepared a drilling program. TPDC is finalising the procurement process to engage a drilling management consultant to drill exploration wells.

- **Block 4/1 B & 4/1C**

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The blocks lie in the southern east of Tanzania in the ultra-deep water with a depth of up to 3 km bordering Mozambique on the south part. The Block is strategically located on the Eastern part of Block 1 and the Southern part of Block 2, operated by SHELL and Equinor, respectively, where gas discoveries were made and are now in preparation for development.

A preliminary technical evaluation of the Block was conducted using the available 2D seismic data (770.71 lines per kilometre), highlighting areas for further exploration. TPDC is looking for a partner to conduct additional exploration activities, appraise the field, and develop and produce the discovered resource.

Further, TPDC is currently waiting for a license grant after resubmitting the applications for exploration licenses over Mnazi Bay North, West Songo Songo, Eyasi Wembere, and Lindi Blocks following the Ministry's directives.

IV. LNG Development

The TLNG project, one of Tanzania's significant historical projects, is underway and is expected to cost nearly USD 43 billion. This project aims to commercialise substantial natural gas discoveries made in the deep offshore basin between 2010 and 2015 from blocks 1, 2, and 4 by reducing them to a liquid state through a cooling process for exportation and the utilisation of the portion locally through the Domestic Market Obligation (DMO). TPDC plays a crucial role in the consortium as an investor with potential participation interest and license holder per terms of the Agreements. Furthermore, TPDC will be the landholder and gas aggregator for the portion of DMO gas, underscoring its significant contribution to the project and instilling confidence in its successful execution.

In May 2023, an important milestone was achieved when the Government and International Energy Companies (IECs) initiated the draft documents for the Tanzania Liquefied Natural Gas TLNG Project. This progress, which is of utmost importance, sets the stage for further developments. The parties agreed that the initiative would be subjected to the approval processes of government machinery and IEC Boards before signing. The Parties continue re-engaging in discussions and negotiating issues from the approval process. Upon reaching a final agreement, parties will sign and move into the implementation phase, starting with the Pre-FEED and FEED works leading to the Final Investment Decision (FID). Based on a recent study by Stanbic Bank, the execution of this project is expected to bring about USD 9 billion to USD 13 billion annually to the economy.

D) Mid and Downstream Operations

The Corporation implements mid and downstream operations in the aspects of oil and natural gas as described below:

1: Downstream Natural Gas Operations

During the period under review, the total amount of gas dispatched to power plants was 51,741.75 MMSCF, down from 52,463.13 MMSCF in 2022/23. For industrial segment, a total of 9,035.27 MMSCF up from 6,406.80 MMSCF in 2022-23 of gas was supplied to industrial customers in Dar es Salaam (Coca-Cola), Pwani (Goodwill Ceramics, Lodhia Steel, Knauf Gypsum, Raddy Fibre, LN Future, Balochistan and Sapphire Float Glass) and Mtwara (Dangote). For the vehicle segment, a total of 8.66 MMSCF was due to the CNG station in Mkuranga, which started operations at the end of November 2023. A decrease in the quantity of gas supplied to Power Plants during the financial year is due to the operation of the Julius Nyerere Hydropower Station. An increase in gas supply to industries during the financial year is due to the connection of new industries such as Sapphire Float Glass. A total of 6.77 MMSCF, up from 4.73 MMSCF in 2022-23 was supplied to household customers in Dar es Salaam, Lindi and Mtwara and institutional customers for cooking which include UDSM Cafeteria 1, Mtwara Technical Secondary School (MTSS), Mtwara Teachers College (MTC), Mtwara Technical Teachers College (MTTC) and the Lilungu Prison in Mtwara. Further, TPDC continued to implement natural gas distribution projects in four (4) Regions of Mtwara, Lindi, Pwani and Dar es Salaam.

In Mtwara Region, TPDC conducted a valuation of 34.2 km, 20-meter-wide wayleave for a raw gas pipeline project which is under the design stage to offtake raw gas from the Ntorya gas field at Nanguruwe to Madimba Gas Processing Plant. During the period, TPDC compensated the project-affected people on the selected wayleave. Consultancy for undertaking environmental and social impact assessment (ESIA) was completed at over 90 per cent by the end of the reporting period. Furthermore, Detailed Engineering Design and cost estimate was completed at more than 85%. Upon achieving the first gas from this project, additional gas production to the current production capacities of Mnazi Bay and Songo Songo will reinstate the supply capacity and allow new anchor customers, such as those that need large quantities of gas as feedstock (fertiliser and various petrochemicals plants) to be assured of gas availability in a longer term.

In the Lindi Region, Following the commissioning of a 10.4 km gas pipeline project, 209 households at Mnazi Mmoja were also commissioned with a natural gas distribution network to enable the customers to start using natural gas for cooking. Additionally, during the reporting period, TPDC and REA negotiated and signed a contract to allow fund disbursement for financing a project for connecting 451 and 529 households to a gas distribution network for cooking at Mnazi Mmoja, Lindi and Mkuranga, Pwani, respectively. The contract was worth TZS 6,817,284,882.95, of which 60% was disbursed to TPDC. The construction activities are planned to commence in the financial year 2024/25 following approval by TPDC of the project design to be commissioned by a selected EPC contractor (Lootah BC Gas LLC, whose contract was signed with TPDC in June 2024) and finalization of material procurement by the contractor. This project aims to increase TPDC's footprint by contributing to clean energy sources for cooking.

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In the Coastal Region, the projects for connecting new industrial customers to the gas supply network, Dangote CNG station and KEDA (T) Ceramics Co. Ltd Float Glass in Mkuranga were completed. Activities related to surveys for industrial and CNGV customers and cost estimates to connect new customers in Mkuranga, Kibaha, Mlandizi and Chalinze were done. A project for constructing the natural gas distribution network to connect three industrial customers will be implemented in FY 2024/25. In addition to that, procurement of the consultancy services to undertake gas pipeline wayleave identification, feasibility study with front-end engineering design (FEED) and ESIA for a conceptualised high-pressure natural gas transportation pipeline from Dar es Salaam to Chalinze via various industrial zones/parks in Kibaha, Coast Region was in progress. Actual consultancy services for the conceptualised project will fall in FY 2024/25. From the preliminary study conducted by TPDC in the last financial year, it was indicated that about 50 industrial customers in Kibaha and Chalinze could be willing to switch from various energy sources to natural gas, hence helping TPDC to diversify its customer base following the reduction of gas demand by our anchor customer, TANESCO, which will affect our revenue projections in the short and medium term.

In Dar es Salaam Region, a project for the construction of a 12.4-kilometre natural gas distribution pipeline from Mwenge to Mbezi Beach, including the connection of two industrial customers and six hotels as initial customers to the project, was completed during the reporting period. Construction of a CNG project: One mother CNG station to be located at a leased land of the University of Dar es Salaam, two CNG daughter receiving and storage stations for utilization of gas by the Muhimbili National Hospital, Upanga area in Ilala and Kairuki Pharmaceutical Industry in Kibaha was ongoing during the reporting period. The Detailed Engineering Design (DED) was reviewed, and the contractor could start construction activities for the mother CNG at the site.

Very importantly, during the reporting period, a total of three (3) new Gas Sales Agreements (GSA) were negotiated and concluded with industrial customers, namely Sapphire Float Glass Industry in Mkuranga, Chemi and Cotex Industry and Cotex Industry both along Bagamoyo road, Mbezi Beach right industrial area. In addition, a total of four (4) new GSA(s) were negotiated and concluded with hotel (institutional) customers, namely Ramada Resort by Wyndham Dar es Salaam, Giraffe Hotel, Jangwani Sea Breeze and Serene Beach Resort, both located in Mbezi Beach strip by the sea. Equally, the project has increased our contribution to clean and relatively affordable energy sources for cooking.

In the next financial year of 2024/25, Downstream Natural Gas Operations will continue to undertake the following activities:

- I. Continue to supply natural gas to all connected customers (power generation plants, industries and commercial/non-commercial institutions, gas to CNG stations for vehicles as well as households,

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- II. Construction of one mother CNG station in Dar es Salaam and two daughter stations (one at Muhimbili National Hospital and another at Kairuki Pharmaceutical Industry in Kibaha) will be completed and commissioned,
- III. Supply and commissioning of mobile CNG stations for vehicles in Dar es Salaam (3), Morogoro (1) and Dodoma (2),
- IV. Construction of gas supply infrastructure through GASCO to privately owned planned CNG stations of BQ along Goba road and Energo along Coca-Cola Road Mikocheni,
- V. Supervision of gas supply infrastructure to privately owned planned CNG stations to be implemented through pre-financing arrangements (Taqa Dalbit to be located along Sam Nujoma; TANHEALTH station to be located at Mbezi Africana along Igesa road; Tanzania States Natural Gas Holding Company to be located at Kunguru Street adjacent to Goba road; PUMA stations at Mbezi Beach along Bagamoyo road, Mwenge junction to Sam Nujoma road and Tegeta near IPTL power plant),
- VI. Construction of the raw gas pipeline from the Ntorya gas field to the Madimba gas processing plant,
- VII. Construction of a gas supply network for 451 households to the gas supply network for cooking at Mnazi Mmoja, Lindi, as well as 529 households at Mkuranga, Pwani, and
- VIII. Supervision of consultancy services contract for undertaking wayleave acquisition, front-end engineering design and construction project cost estimates, as well as environmental and social impact assessment for a high-pressure gas pipeline from Kinyerezi to Chalinze.
- IX. Supervision of consultancy services contract for undertaking Detailed Engineering Design for natural gas distribution network at the Government City - Mtumba.

Planned projects under the Midstream and Downstream natural gas operations are aimed at:

- I. Increase revenues and achieve targeted profitability levels of TPDC from the gas business portfolio.
- II. Increase TPDC's contribution to the National Clean Energy Strategy, which was launched in May 2024.
- III. Diversification of customer bases and stability of revenue projections while reducing over-reliance on one big anchor customer such as TANESCO.
- IV. Expand the use of Natural Gas as the choice source of transportation fuel by replacing petrol and diesel, which will hence contribute to reducing the balance of trade through the reduction in oil importation.

2: Downstream Oil Trading Operations

During the period under review, the following activities were achieved:

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i. Bulk Oil Importation Operations

During the period under review, TPDC participated in Bulk Procurement System (BPS) bids and won two bids for shipping and gasoil supply. One Gasoil cargo weighing 69,860 metric tons was imported as of December 2023 delivery, amounting to USD 58.32 million. The second cargo, weighing 99,359.674 metric tons, amounts to USD 77 million, with a delivery date ranging from 19 August 2024 to 21 August 2024.

ii. The East African Crude Oil Pipeline Project (EACOP)

The implementation phase for the East African Crude Oil Pipeline Project (EACOP) began after the signing of the Host Government Agreement in May 2021. The overcharging mandate for shareholders of EACOP Ltd to execute the Project was the signing of the Shareholders Agreement on 4th November 2021. TPDC is among the four shareholders of EACOP Ltd, with an equity interest of 15%. Other shareholders are Total Energies Holding EACOP SAS (62%), NPC Ltd (15%) and CEPME Ltd (8%). On 1st February 2022, Shareholders of the company declared a Final Investment Decision (FID). Since the attainment of the project FID, the implementation of project activities continued, whereby in the financial year 2022/23, TPDC and EACOP Company collaboratively continued delivering critical path milestones for the Project, which achieved 39.6% of its overall implementation.

Project activities that progressed included: payment of land compensation to 9,850 PAPs out of 9,923, equivalent to 99.2%; Commissioning of Thermal Insulation Coating Plant Line 1 and progressing with completion of installation and testing of Line 2 by 92%; Construction activities for the Marine Storage Terminal progressed well where TANK A: 1st Shell Plate vertical seam welding, TANK B: Alignment of Bottom Plates completed, TANK C: Grouting ongoing, and TANK D: Sand Backfilling under HDPE with overall progress of 49% and the Terminal is at 14% progress while the construction of Jetty is at 44% progress. Geotechnical investigations for the main camp sites and Above Ground Installations (AGIs) were completed; TPDC completed a cadastral survey for six AGIs sites, obtained the Right of Occupancy, and successfully signed the Land Lease Agreement with EACOP Company.

During the year, TPDC paid off its initial equity investment to the company amounting to USD 308 million (100%), equivalent to TZS 740.51 billion compared to USD 164.53 million (53%) reported in June 2023. TPDC, as a Shareholder, will continue to honour its obligation under the Shareholders' Agreement.

Aside from its multiplier effect, the EACOP project will contribute to the country through its local content and employment. This is not just a short-term gain but a potential catalyst for long-term economic growth. In terms of monetary value, the government is expected to receive income from dividends from the 15% TPDC shareholding participation, a land lease fee based on the existing agreement with EACOP, and various taxes and fees based on the agreed IGA and the HGA.

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In the year 2024/25, TPDC will continue to work with the Project Company in delivering key project milestones, including the finalization of payment of Land Compensation for the remaining 73 PAPs, completing the right of occupancy for the reserved land, continuing with Thermal Insulation for line Pipes at TIS plant; facilitating the importation of cargos; supervising actual construction of the pipeline to earn 75% of the project overall schedule by the year-end.

iii. Oil Marketing

During the reporting year, TANOIL implemented the turn-around strategy by reducing the cargo size to match customers' demand with the supply side selling 62.5 million litres compared to 112 litres sold in the year 2022/2023, preparing manuals, policies and other guiding documents for the company operations, collecting outstanding debts amounting to TZS 9.2 billion from defaulting customers out of TZS 30 billion that was outstanding as at 30 June 2023, clearing all cargoes held under Financial Hold, completing reconciliation with suppliers - where a significant amount of TZS 3.8 billion was recovered from disposed financial hold cargoes, made a gross profit of TZS 10.6 billion compared to a gross loss of TZS 28.7 billion reported in 2022/23 and paid taxes amounting to TZS 60 billion. Further details of TANOIL's performance are presented in Note 9 of the financial statements.

iv. Strategic Petroleum Reserve (SPR)

In June 2024, a Team composed of several Government institutions, namely the President's Office, Ministry of Finance, Ministry of Energy, Energy and Water Utilities Regulatory Authority, Bank of Tanzania, Petroleum Bulk Procurement Agency, Tanzania Petroleum Development Corporation and TANOIL was formed. This collaborative effort is a testament to the corporation's commitment to involving all stakeholders in the strategic initiatives. The preparation of the concept paper commenced alongside checking the practicability of implementing SPR in the country in the current situation. Before the completion of the report, the Team has identified the need to engage and consult several stakeholders so that SPR plans can be aligned with major strategic projects, petroleum distribution infrastructures in place and the Country's transportation infrastructure road map, including the Standard Gauge Railway and the wagons for carrying petroleum products and white petroleum products pipelines in place and construction plans, e.g. Tanzania to Uganda and TAZAMA pipelines. Moreover, in the financial year 2024/25, TPDC plans to procure a consultant and conduct a feasibility study to implement the Strategic Petroleum Reserve.

3: *Midstream Natural Gas Operations*

The Corporation owns natural gas processing plants and pipelines operated and maintained by its subsidiary company (GASCO). The plant facilities are located at Madimba (Mtwara region) and Songo Songo (Lindi region), with the capacity of processing 210 MMSCFD (3 trains) and 140 MMSCFD (2 trains), respectively. The pipeline

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infrastructures consist of 36", 24" and 16" -pipelines with a length of 551km from Mtwara and Songo Songo to Dar es Salaam designed to transport 784 MMSCFD of natural gas and up to 1,002MMSCFD with introduction of compression facility. Additionally, GASCO operates several other medium and low-pressure pipeline networks and the associated facilities that transport natural gas to power, industrial, domestic and CNG customers in Dar es Salaam, Mtwara, Lindi and Coast regions.

Assuring the availability of natural gas for downstream customers is GASCO's primary function on behalf of TPDC. In the year under review, we conducted operations and maintenance of the infrastructures with prudence, resulting in the NNGI being maintained at 100% availability. A total volume of 45,988.04 MMSCF of natural gas was received for processing, with the Madimba plant receiving 32,738.51 MMSCF from the Mnazi Bay gas field and the Songo Songo plant receiving 13,249.53 MMSCF from the Songo Songo gas field. A total quantity of 45,724.17 MMSCF was exported through the pipeline to customers, with the Madimba and Songo Songo processing plants exporting total gas volumes of 32,636.11 MMSCF and 13,088.06 MMSCF, respectively. In addition, 3,062 tons of condensate were produced from both Madimba and Songo Songo processing plants, showcasing the efficiency of our operations.

2.9 RESOURCES

The effective, knowledgeable and experienced TPDC governing board is the key strength to the performance of the Corporation. A well-composed Board of Directors, effective Management, competent human resources, deployed ICT systems, and documented internal operating procedures (IoPs) are the main criteria for TPDC's achievement of its goals. The Corporation has both tangible and intangible resources including intellectual resources, human resources, social and relationship resources, natural resources, financial resources and other resources as explained below:

(i) Intellectual Resources

The Corporation's intellectual resources include specialized staff in the Gas Processing, Distribution and Transmission and ICT application systems, which has automated and modernized operations, thus improved provision of Upstream, Midstream and Downstream business operations and being the licence holder of the PSA blocks.

(ii) Human Capital

The Corporation has employed staff with adequate skills and competence to ensure the delivery of quality services. Employees are well motivated and perform their duties responsibly and ethically.

During the year that ended 30 June 2024, TPDC had 458 qualified human capital in relevant and different disciplines, of which 349 were male and 109 were female. TPDC increases the number of employees, which aligns with the increase in operations. TPDC

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has a stable training and development program for enhancing staff capacities through short- and long-term training programs, particularly in the oil and gas industry. Further details on employee welfare are included under note 10.

(iii) Financial Resources

Financial capital is composed of financial resources obtained from Petroleum business activities. The cooperation as a National Oil Company earns its proceeds from Sale of Natural Gas, Fuel, Condensate, Share of Revenue from PSA, Dividend from Associate, Rent from Investment properties, Land Lease Fees, PSA Licence fees and Training fees and Government Subvention.

The main sources of corporate funding are the Government's budgetary allocations, gas sales and gas tariff income from the National Natural Gas Infrastructure (NNGI) 's operations, fuel sales, and profit share. In addition, TPDC earns dividends from investments in other companies.

(iv) Natural Resources

The Corporation has been actively engaged in exploration, development and production of hydro carbons ensuring security in the energy sector.

Following a number of discoveries in onshore and offshore blocks, the total natural gas discoveries in Tanzania have reached 57.54 trillion cubic feet (TCF). The discoveries are expected to rise further as a result of the ongoing exploration activities in the Country. For the period under review, ARA Petroleum has interpreted the acquired 3D Seismic data of the Ntorya field and managed to increase Gas Initial in Place from 1.64 TCF to 2.15 TCF subject to confirmation of the 3rd party assessment consultancy for reserve assessment. So far, there are two onshore gas-producing fields located at Mnazi Bay and Songo Songo Island while the Ntorya field has also entered into the development phase. TPDC has participating interest in the Mnazi Bay and Ntorya fields for participation interest of 40% and 15% respectively.

Two fields are currently under production i.e. Songo Songo and Mnazi Bay; The Government of Tanzania and TPDC entered into the Production Sharing Agreements (PSAs) with Pan African Energy Tanzania Limited and Maurel & Prom (M&P) for exploration and production of oil and gas over the Songo Songo and Mnazi Bay blocks respectively.

(v) Social and Relationship Resources.

The Corporation social and relationship resources is composed of ethical and transparent relationship with its customers, regulated service providers, suppliers, regulatory bodies, Government and the general public who are internal and external stakeholders by establishing a harmonious relationship. The Corporation's creates shared value

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strategy relating to social development initiatives such as education and leadership development, financial inclusion, health and safety facilities which are delivered to the communities in the areas of operations.

(vi) Other Resources

The Petroleum Act, 2015 has given the TPDC mandate to undertake Tanzania's commercial aspects of petroleum operations in the upstream, midstream and downstream and participating interests of the Government in the petroleum and natural gas agreements. TPDC has exclusive rights over the natural gas midstream and downstream value chain. Further, it can authorize any other person to undertake regulated activities, particularly those to which TPDC has exclusive rights. The Public sector regulations and the standing orders of the public service are also instrumental to the corporation in discharging petroleum business services.

2.10 PRINCIPLE RISKS, UNCERTAINTIES AND OPPORTUNITIES

TPDC implements an integrated risk management framework applicable to all business processes, including its subsidiaries. The framework sustains value creation by facilitating continual consideration of all relevant risks and opportunities in oil and gas activities pursued by the Corporation. This approach ensures that an acceptable risk profile is maintained at all times.

The Board of Directors, through the Audit, Risk, and Compliance Committee (ARCC), oversees risk management activities by setting the appropriate tone at the top and providing guidance regarding risk management activities in the Corporation. TPDC faced several risk factors during the year 2023/24. The most critical risks during the year are briefly described below;

The Corporation Risk Categories, Impacts and Mitigations

SN	Risk Category	Risk and Impact Description	Risk Mitigation Measures
1	Financial	The corporation's finances continued to be exposed to threats from financial market volatilities and other factors. (a)Market Risk Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Corporation's income or the value of its financial instruments. The objective of market risk	- TPDC continued to implement different possible ways to resolve the risk, including sound financial management practices. - Opened and operated bank accounts in both Tanzania Shillings and United States

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	management is to manage and control market risk exposures within acceptable parameters while optimizing the return on the risk.	Dollar (USD) to mitigate market risks.
	(b) Credit Risk Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. The significant natural gas sales to a few customers with unsatisfactory payment records, such as TANESCO, continued to pose a major financial risk. (c) Liquidity Risk Liquidity risk is the risk of the Corporation not being able to meet its obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due without incurring unacceptable losses or risking damage to the Corporation's reputation.	▪ Credit period set in customer's contracts. ▪ Ensure the Corporation is able to meet estimated expenditure requirements through the use of cash flow forecasts. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents.
2	Operational	▪ The loss caused by the flood incident was mitigated well in advance under the existing insurance policy. Moreover, the corporation continued the

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	multiple factors that can easily stall field operations. During the financial year, the Corporation faced unprecedented flooding levels at Somanga Fungu Gas Junction Station, which caused significant property loss. Contrary, the Corporation managed to secure the gas flow to customers without major disruptions. Further, the corporation faced limited security threats during the year, which could lead to various impacts, such as degradation of natural gas pipeline integrity or even loss of lives.	implementation of the Business Continuity Management System by preparing the necessary policy and operating documents for critical processes to ensure quick operational resumption in case of adverse events; resilience was demonstrated at an acceptable level during the flooding at the station in which the operation was kept up and running to meet customers' requirements during hard times. ▪ The Corporation liaises with TMA on the prediction of natural disasters and follow up with regional/ local news and weather forecasts,
3	HSSE and Sustainability TPDC's activities continued to be inherently vulnerable to adverse HSSE incidents. This exposure was mainly instigated by the flammable nature of the main products traded - natural gas and oil. Further, the operation and maintenance of natural gas and oil infrastructure, including natural gas processing plants, large countrywide natural gas transmission and distribution networks, and upstream field operations, as well as natural gas distribution and construction activities,	▪ The Corporation implemented an effective HSSE policy and exhibited impressive management of this risk, as there were no major incidents during the year. ▪ In addition, the Corporation took another significant step to strengthen HSSE compliance by initiating the process of forming an independent HSSE and Sustainability Unit.

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		were another critical element of exposure to possible HSSE incidents.	
4	Strategic	The corporation devoted more effort to developing its new strategic plan which focuses on three horizons of a span of short-term to long-term, starting FY 2024/25 to FY 2050. The new SP brings a new approach to project commercialization and its associated risks. The Corporation also managed to acquire a larger stake (20%) in the existing Mnazi Bay's participating Interest, which requires timely cash calls to meet the financial obligation.	- Continuous risk assessment to guide its implementation. - M&E Framework enhanced to monitor implementation of the CSP - The Corporation conducted a risk analysis on the acquisition deal of the steak and laid out the mitigation to curb any uncertainties, including timely disbursement of cash calls
5	Reputational	As a major public Corporation with enormous responsibilities in the energy sector in Tanzania, TPDC remained uniquely relevant to matters that can impair its perception among stakeholders. Issues relating to mismanagement, ethical misconduct, and others can seriously harm stakeholders' perception of the Corporation.	- Appropriate measures were continually taken to curb possible reputation damage, including forming the Fraud risk management framework and Whistleblower Policy. - We actively focus on improving the transparency of our business decisions and engage with our esteemed customers, employees and the general public, especially those around the area in which we operate, so as to understand their concerns and balance their needs. - During the year, all TPDC and subsidiaries' staff from

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			different working sites undergo training on Fraud and Fraud risk management.
			The existence of the Corporation's Integrity Committee assists in monitoring any possible activity that may distort the reputation.
6	Legal and Regulatory	Compliance with legislation governing the regulation of the Oil and gas sector and tax legislation is critical to how we continue to run our business and interact with our regulated service providers, customers, tax authority and other stakeholders. Petroleum acts, regulations and tax legislation are subject to changes. If we are unable to foresee, advocate for, plan for, and adapt to legislation change, this could negatively impact the Corporation's compliance with tax legislation together with our ability to serve our regulated service providers, customers and other stakeholders.	- To address this risk, the Corporation regularly engages the relevant regulators to explore the best ways to ensure compliance. - We maintain constructive and proactive relationships with the Government, Parliamentary sectorial committees and the Parliament in general, where we get the opportunity to share our comments on legislation changes. - We engage consultants to support the Corporation in compliance with tax legislation and all other relevant oil and gas sector legislation.
7	Cyber security	The Corporation utilizes ICT systems in most of its operations, including critical activities such as natural gas processing and exploration data storage. Given the lucrative nature of the oil and gas business and the technological	ICTS Unit continued to implement strategic measures to help safeguard our systems and data, considering the criticality of oil and gas in the economy

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		advancement of our foreign competitors, a possibility of malicious intrusion into our ICT systems always existed.	and energy security of the country.
8	Technological	The corporation's overwhelming reliance on a few suppliers for critical technologies and equipment exposed it to technology risk. The oil and gas business is involved in high tech, so delays in adopting the latest technological changes could affect operational efficiency and sustainability.	▪ Through its ICT and PMU units, the corporation continued to explore ways to address this challenge. ▪ Also, necessary equipment & software upgrade was encouraged to assist in bridging the technological change gaps.
9	Geo-political	Political, economic, and military confrontations among nations, including the Russia-Ukraine war, posed direct and indirect threats to TPDC. Adverse commodity and financial market developments and economic and trade sanctions among nations impacted energy companies and key energy sector service providers such as shipping and insurance companies. This situation raised the uncertainty level in our operations, especially concerning procuring critical spare parts and surging oil prices.	▪ Geo-political risks have been actively monitored geo-political developments to safeguard the corporation's interest and adjust company strategies as appropriate.

2.10.1 Opportunities

The Corporation's risk assessment process identified opportunities that would expectedly enhance the strategic plan execution as summarized below:

(i) Emerging technologies

Investing in new technology areas can expedite exploration and development and sustain production from matured fields. Upstream companies are adopting remote operations, data analytics, seismic imaging, development drilling, data integration and distribution, digital tools, and predictive maintenance technologies to enhance production and exploration activities.

(ii) Availability of Potential Areas for Petroleum Exploration.

Fifty-six per cent of Tanzania is covered with sedimentary basins suitable for hydrocarbon exploration. However, only 30% of the sedimentary basins have been explored. Therefore, there is an opportunity for TPDC to maximize its petroleum exploration operations.

(iii) Growing demand for gas utilization

There is an upsurge of gas needs from power utility companies, households, institutions, vehicles, and industrial customers waiting to be connected to the natural gas infrastructure. This creates strategic opportunities for TPDC to capitalize on.

(iv) Regulatory framework

The Petroleum Act gives exclusive rights to TPDC in both the country's mid and downstream natural gas sub-sector, which, if used effectively, makes TPDC a “price searcher” in the sector.

(v) Global Agenda on Clean Energy (Net zero carbon emission by 2050)

There is an opportunity to undertake initiatives aligned with Sustainable Development Goals (SDG) through renewable energy, alternative fuels, and clean energy transition. The global agenda of net zero carbon targets by 2050 will allow TPDC to venture into renewable energy options to fulfil energy needs and embrace nature-based solutions.

2.10.2 Uncertainties and Risks Assumptions

The Corporation took account of a range of key uncertainties, related plausible assumptions, and possible outcome possibilities in case of changes in the assumptions, as detailed below;

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Sn	Uncertainties	Assumptions	Possible Outcome	
			resulting from Positive Change in Assumptions	resulting from Negative Change in Assumptions
1	The volatile nature of the financial markets, such as forex, market interest rates, and inflation.	- Market volatilities will prevail, being an inherent element of these markets. - Maximum and minimum change thresholds are expected to remain broadly similar to the past years. - Continually dealing with flammable oil and gas products. - HSE precautions will be implemented in commensuration with the exposure/ risk levels of associated oil and gas activities.	Lower likelihood of incurring forex losses and financing costs.	Higher likelihood of incurring forex losses and financing costs.
2	Possible occurrence of adverse HSE incidents.	Low but possible instances of human errors, operational failures, or technical integrity failures in operations.	Higher likelihood of adverse impacts e.g., environmental degradation, product loss, loss of lives etc.	Higher likelihood of adverse HSE impacts e.g., environmental degradation, product loss, loss of lives etc.
3	Fast-changing technological advancements in the oil and gas sector.	The pace of technological development and adoption linked to the Corporation's activities will gradually increase.	Higher exposure to cybersecurity threats if countermeasures are not adopted at the same pace. Higher opportunity for operating efficiency improvement if appropriate technologies are timely adopted.	Stable/ high cybersecurity level if countermeasures are adopted at a good pace. Missed opportunity for operating efficiency improvement if appropriate technologies are not timely adopted.
4	Dependence on a few major customers to fund operations and investments.	- TANESCO may significantly reduce gas demand over the foreseeable period. - The number of customers/ revenue streams will gradually increase on account of new upcoming projects, including in CNG.	Reduced the Company's financial capacity to fund operations and investments.	Stable Company's financial capacity to fund operations and investments.
			Gradual improvement in the Corporation's financial health.	Slow growth or even stagnant financial position.

2.11 STAKEHOLDERS RELATIONSHIP

The Corporation's operations cut across several stakeholders' interests. The Corporation enjoys good and cooperative support from all stakeholders. The key to this relationship is a prompt and informed communication system. Some of the key stakeholders whose expectations are at the core of TPDC business operations involve the following:

- I. Employees
- II. Government Ministries, Departments and Agencies (MDAs)
- III. Local Communities
- IV. Investors
- V. Environmental Activist
- VI. Development Partners
- VII. Service Providers
- VIII. Public
- IX. Media

i. Employees

Employees are key to make the Corporation the great place to work. They should find working for TPDC an inspiring and a place for elevating personal experience and consequently accepts co-responsibility for the development of each employee to the full potential. Together with efficient and value-creating solutions, services and operations offer value to our customers. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Corporation.

Concerns

- Friendly, safe and conducive working environment
- Defined career progression
- Better salary and benefits
- Motivation and recognition
- Opportunities to contribute to the society.

Value Added

- Transforming into an inclusive society through employment equity and gender equality;
- We focus on developing our employee through targeted training programs and skills upgrading to further their career and improve our services;
- Rewarding employees for the value they add;
- Motivating and energizing our work force; and
- Timely payments of employees' entitlements.

ii. Government Ministries, Departments and Agencies (MDAs)

Concerns

- Timely and accurate information
- Timely and accurate levies,
- Royalties, profit shares and taxes
- Secure and precise exploration and development of data

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- Processed and reliable supply of natural gas
- Professional advice

Value added

- Provision of Various information and reports on Petroleum operations and related issues
- Provision of levies, royalties, profit shares and taxes
- Provision of exploration and production data;
- Sales of natural gas,
- Provision of advice on the petroleum sector,
- Sales of Petroleum white products

iii. Local Communities

Concerns

- Fair and timely provision of CSR
- Timely compensation in accordance with the law

Value added

- Provision of social amenities in the context of CSR
- Provision of compensation of land
- Provision of resettlements and livelihood restoration

iv. Investors

Concerns

- Quality and accurate exploration data
- Favourable return on investment
- Processed and reliable supply of natural gas
- Transparent corporate governance;

Value added

- Sales of exploration data
- Provision of natural gas and oil

v. Environmental Activist

Concerns

- Accurate and timely information

Value added

- Provision of information about environmental conservation

vi. Development Partners

Concerns

- Timely and accurate reports
- High-quality Petroleum information

Value added

- Provision of Various information and reports on the petroleum sector and related issues

vii. Service Providers

Concerns

- Timely payments for goods and services;
- Reliable and affordable energy supply;
- High-quality service provision;
- Fair and transparent procurement practices;

Value added

- Timely Payments for works, goods and services;
- Provision of Business information and opportunities

viii. Public

Concerns

- Affordable oil and gas products

Value added

- Provision of Business information and opportunities
- Sales of natural gas,
- Sales of Petroleum white products

ix. Media

Concerns

- Accurate and timely information

Value added

- Various information on Petroleum operations and related issues

2.12 CAPITAL STRUCTURE AND TREASURY POLICY

2.12.1 Capital Structure

As of 30 June 2024, the Corporation’s capital structure reflects a total equity position of TZS 3.92 trillion, an increase from TZS 3.22 trillion reported as of 30 June 2023. This growth is attributable to additional capital contributions from the Government and profit earned during the year. The equity structure is composed of the following elements:

- **Share Capital:** The share capital remains unchanged at TZS 2.21 billion, representing the nominal value of issued shares.
- **Equity Contribution from Government:** This increased to TZS 3.72 trillion as of 30 June 2024, up from TZS 3.27 trillion as of 30 June 2023, reflecting an additional capital injection of TZS 450.81 billion during the year.
- **Retained Earnings:** The retained earnings improved significantly, reducing the deficit from TZS (501.58) billion as of 30 June 2023 to TZS (258.68) billion as of 30

June 2024. This improvement was driven by a profit of TZS 248.75 billion earned during the year.

2.12.2 Treasury Policy

TPDC treasury policies involve mechanisms established by the board, which delegates financial decisions to Management in a controlled manner. The control instruments in place include legislation, Government Circulars, Guidelines and the Board resolutions on opening, operating and signing mandate to the bank accounts. The main objective is to ensure proper control and safeguard of the Government financial resources. Under these mechanisms, the Corporation's revenue is collected and remitted directly to the Corporations revenue collection accounts maintained at designated commercial banks using GePG system; and weekly, on Monday, to the Corporation's revenue collection accounts maintained at BoT. All expenditures of the Corporation are incurred within the approved limits in the approved annual budget.

2.13 CASH FLOWS

The Corporation's cash flows can be analysed from the cash flows statement under three areas of cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. It should be noted that cash flow analysis does not consider any growth in the cash flow statement because the cash flow statement always shows what happened in the past. Therefore, the Corporation's cash flows analysis is summarized below:

(a) Cash Flows from Operating Activities

The net cash flows from operating activities of TZS 244.71 billion (30 June 2023: TZS - 12.86 billion), was derived as the cash collected from customers amounted to TZS 938.47 billion (30 June 2023: TZS 1.86 trillion) with the decline in cash receipts from Oil Business being a major factor. Government revenue grant amounted to TZS 17.40 billion (30 June 2023: TZS 17.73 billion). Cash paid to suppliers amounted to TZS 629.57 billion (30 June 2023: TZS 1.84 trillion) with the decline in volume of fuel sold being the major contributor. Staff cost amounted to TZS 48.17 billion (30 June 2023: TZS 28.23 billion) with the adoption of new incentive scheme being a key driver. PSA operation cost amounted TZS 9.71 billion (30 June 2023: TZS 6.85 billion). Also, interest paid amounted to TZS 376 million (30 June 2023: TZS 208 million) and Income tax paid for the year was TZS 23.33 billion (30 June 2023: TZS 10.40 billion).

(b) Cash Flows from Investing Activities

The net cash flows from investing activities of TZS -494.10 billion (30 June 2023: TZS 171.32 billion), was a result of cash capital expenditures including acquisition of property and equipment amounting to TZS 19.68 billion (30 June 2023: TZS 12.97 billion), acquisition of Wentworth and cash call for the Mnazi Bay Gas fields amounting to TZS

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71.72 billion (30 June 2023: TZS 283 million) and investment in EACOP during the year amounting TZS 405.24 billion (30 June 2023: TZS 160.22 billion).

(c) Cash Flows from Financing Activities

Net cash flow from financing activities during the financial year ended 30 June 2024 amounted to TZS 262.22 billion (30 June 2023: TZS 72.05 billion). The movement was mainly attributed by the funds received from the government for investment in EACOP amounted to TZS 264.60 billion and the receipt of government grant from REA for natural gas distribution projects in Lindi and Mkuranga. Also, dividend paid for the year amounted to TZS 5.85 billion (30 June 2023: TZS 2.70 billion).

2.14 LIQUIDITY

The liquidity ratios measure the Group's ability to meet its short-term obligations as they become due. The current and quick ratios show improvements over the past three financial years, indicating a stronger liquidity position. During the financial year ending on 30 June 2024, the Corporation managed its liquidity level to ensure sufficient funds to meet short-term obligations.

The Corporation's current ratio for the financial year ended 30 June 2024, which measures the ability of current assets to meet short-term obligations (current liabilities), was 1.72 times (30 June 2023: 1.53 times). This indicates that for every TZS 1 of liabilities, the Group had TZS 1.72 of current assets to cover them. This improvement signifies enhanced short-term financial health.

The acid (quick) test ratio which also measures the ability of current assets, without inventories, to meet short-term obligations (current liabilities), was 1.63 times (30 June 2023: 1.53 times). This ratio also demonstrates that the Group has ample liquid assets to cover immediate liabilities. A quick ratio above 1 indicates the company's ability to handle short-term obligations without relying on inventory sales.

The Corporation's working capital which is the excess of current assets over current liabilities for the financial year ended 30 June 2024 was TZS 708.75 billion (30 June 2023: TZS 427.34 billion). All of the above ratios, current ratio, acid test ratio and working capital reveal that the Corporation was able to fund its current liabilities when due.

The Corporation will continue managing its liquidity level to ensure there are sufficient funds to meet its liabilities when due without incurring unacceptable losses or risking damage to the Corporation's reputation.

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2.15 CORPORATE GOVERNANCE

2.15.1 The Board of Directors

The Board is responsible for formulating internal policies, procedures, and rules, facilitating timely service delivery, and ensuring prudent management of resources based on the policies and procedures in place. The Board also takes overall responsibility for the Corporation, including identifying key risk areas, monitoring investment decisions, financial matters and reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring the operation of a comprehensive system of internal control policies and procedures and for compliance with sound corporate governance principles.

The Board delegates the day-to-day management of the business to the Managing Director assisted by the senior management team. The Managing Director holds an executive position in the Corporation. Senior Management members are invited to attend Board meetings. They facilitate effective control of all the Corporation's operational activities, acting as a medium of communication and coordination between various business units.

The Corporation is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

The Board of Directors of the Corporation as at the date of signing this report are:

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Name	Gender	Position	Nationality	Discipline	Appointment Date	Age	Meeting Attendance
H.E. Amb. Ombeni Yohana Serue	M	Chairman	Tanzanian	Diplomat	11/05/2022	70	19/19
H.E. Amb. Peter Allan Kallaghe	M	Member	Tanzanian	Diplomat	11/06/2022	65	16/19
Adv. Protase R. Ishengoma	M	Member	Tanzanian	Legal Practitioner	11/06/2022	64	16/19
Eng. Charles Omuji	M	Member	Tanzanian	Engineer	15/06/2023	64	18/19
Ms. Zuhura Sina Muro	F	Member	Tanzanian	Human Resources Consultant	01/05/2023	64	16/19
Mr. Dismas Alphonse Fuko	M	Member	Tanzanian	Project Financial Modelling Consultant	11/6/2022	73	18/19
Mr. Salvator Ntomola	M	Member	Tanzanian	Geoscientific and Investment Advisor	01/05/2023	74	17/19
Mr. Paul Deo Makanza	M	Member	Tanzanian	Corporate Finance Expert	11/06/2022	57	19/19
Ms. Ruth Henry Zaiyuna	F	Member	Tanzanian	Certified Accountant	11/06/2022	51	08/19
Mr. Mrisho Shabani Mrisho	M	Member	Tanzanian	Certified Public Accountant	15/06/2023	58	19/19

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2.15.2 Board operations and control

The principle of appointment, composition, size, and qualifications of Board members was observed by the appointed authorities: the President of the United Republic of Tanzania on appointment of the Board Chairman, and the Minister of Works and Transport on appointment of Board Members. These principles were observed as follows:

(a) Diversity

The Board is composed of members of different qualifications with diversity of strength and knowledge of the Petroleum sector. Diversity is observed through differentiation in the age of Directors, their gender, professional qualifications and previous experiences.

(b) Structure of the Board

As per the Tanzania Petroleum Development Corporation Establishment Order 1969, The Board shall consist of;

- (a) a Chairman who shall be appointed by the President;
- (b) any other members being not less than five nor more than nine whom the Minister shall appoint.

Thus, during the reporting period the Board of the Corporation consisted of The Chairman and nine (9) Members.

In addition, the Board had established its Committees including Audit, Risk and Compliance Committee, Human Resources and Administration Committee, Investment and Business Development Committee, Safety, Environment and Sustainability Committee. The Board and its Committees have Charters which provide terms of reference and guidance on undertaking their oversight role. Thus, the Board ensures that its Committees are appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them.

(c) The Functions of the Board

To enhance accountability to the Government and the public at large, the Corporation has ensured that:

- (i) provide strategic guidance and formulate policies for operation and Management of TPDC;
- (ii) conduct managerial oversight and review the activities and performance of the Management of TPDC;
- (iii) secure and ensure efficient use of resources, including approval of Corporate Strategic Plan, Business Plan, Annual Plan and Budget, Supplementary Budget, Annual Procurement Plan and Investment Plans and Operations Manuals;

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- (iv) carry out the appraisal of the Corporate Strategic Plan, appoint, evaluate performance and exercise disciplinary powers over management employees, approve performance reports including reports on disciplinary matters of staff;
- (v) approve and recommend the organisation structure, scheme of service, financial rules and regulations, staff rules and regulations, salary structure, allowances, incentives and fringe benefits of TPDC to the Permanent Secretary (Establishment) through the Office of the Treasury Registrar;
- (vi) approve Management reports quarterly, code of conduct and procedures, appropriation of surplus funds generated, pension schemes for employees, disposal of capital items and supervise financial rules and regulations and staff rules and regulations;
- (vii) ensure maintenance of conditions of service for employees and adequacy of financial and operational systems and internal controls;
- (viii) be responsible for preparation of financial statements and their authorization for issue;
- (ix) establish departments, units and sections;
- (x) employ the Directors of Departments, Unit and Sections, and
- (xi) employ such number of officers, staff and employees of TPDC in such categories and levels necessary for the efficient discharge of the functions of the Corporation.

(d) The Board Independence

In executing their functions, the Board operates free from any interference in line with the Board's Charter, laws and regulations, Circulars and other guidelines. The Corporation assesses the independence of the Board and Board members to ensure that the Board is always independent and objective.

(e) The Board Instruments

The Corporation has developed the Board's Code of Ethics and Conduct, in compliance with in accordance with the Treasury Registrar's Board of Directors Code of Ethics and Conduct Guidelines, 2016. The Code has been cascaded down to all employees, as well as to the established Charters of the Board and its Committees so as to guide the Board in undertaking its oversight role and planned activities. The Code and the Charters are reviewed where needs arise to cope with changes. Further, the Board develops a work plan and an evaluation toolkit annually, to ensure effectiveness.

(f) Governance on Audit

The Board continues to oversee Management implementation of the Controller and Auditor General's recommendations made during the statutory audit of the financial year 2022/23 and previous years.

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(i) Rights of the Government and the General Public

The Corporation recognizes, respects and protects the rights of the Government and the general public through:

- Awaiting information on the Corporation's performance by submission of quarterly performance reports to relevant Government authorities and publishing annual reports together with audited financial statements;
- Ensuring equitable treatment of all regulated service providers and customers in discharging the Corporation functions;
- Ensuring that Government, Ministries and Agencies hold meetings with the Corporation's Management, when required, to discuss any matter related to the Corporation's performance or service delivery; and
- Engaging the media on dissemination of important Corporation's information.

(ii) Stakeholder Relations

The Board has identified eight (8) categories of stakeholders; the Government, employees, Investors, Environmental activists, development partners, service providers, Public and Media. Before making its decisions, the Board takes the interests of all stakeholders into account to ensure that engagement with stakeholders is deliberate and planned. Furthermore, the Board wishes to ensure that communication with stakeholders is always transparent and effective.

(iii) Ethics and social responsibility

The Corporation has developed the Board's Code of Ethics and Conduct to ensure that its business is conducted according to the highest ethical standards and in compliance with all the applicable laws and regulations governing the regulation of petroleum sector. The provisions of the Code apply to the Board, Management and all staff of the Corporation.

(iv) Risk Management, Internal Control and Accountability

The Corporation is committed to ensure existence of a continuous process of risk management and internal controls which ensures business continuity on service delivery so as to achieve the strategic goals while managing the risks.

An overall policy framework on risk and internal control has been developed, which includes the institutional Risk Management Framework and Policy with its related processes, guidance and tools. The Corporation is committed to identifying and managing risks to its work plans and defining and implementing efficient and effective internal controls, to strengthen its ability to meet objectives and deliver benefits and goals expected by its regulated service providers, customers and all stakeholders.

Good risk management identifies the potential events which could affect the achievement of goals and develops action plans for addressing these risks -

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allowing informed decision-making, better prioritization and improved use of resources. The Corporation's approach to risk management does not aim to eliminate or avoid risk but to be aware of it, reducing risk to an acceptable level and balancing risks and opportunities when deciding on a course of action.

The established risk management process includes the implementation of regularly updated risk analyses and mitigation plans at all levels of the Corporation, both at head office and upcountry offices. The purpose is both to create a tool for internal management of each Directorate, Unit or Section so as to provide information to the Corporation's Management on key risks identified and how these are managed. In addition to this bottom-up review of risks, the Corporation has integrated risk management in its corporate strategic planning and results-based management processes.

Every staff of the Corporation has an important role in risk management process and controls as part of their work. In particular, all Directors, Heads of Unit and Managers are accountable for identifying and managing risks and overseeing definition and implementation of internal controls, policies and procedures within the area under their authority, including management of issues which arise.

(v) Transparency and disclosure

(a) Policy on Conflict of Interest

The Board has established a Conflict of Interest Policy, in recognition that excessive activities, gratuities and access to information may lead to actual or potential conflicts of interest between the interests of the Corporation and those of its relevant persons. The Policy identifies the activities which may compete or conflict with the Corporation's interests and outlines the steps to manage conflict of interest when it arises.

(b) Policy on ICT

The Board has developed various ICT policies to enable the Corporation to realise its digitization agenda. The policies provide in-depth coverage and guidance on ICT-related matters such as business continuity plan (BCP)/disaster recovery plan (DRP), Service Level Agreement (SLA) management, project management, server room management, business partnerships, database procedures, incident management, invoice processing, quality assurance, security procedures and software design, development and testing.

(c) Policy on Procurement

The Corporation Procurement Practice is in line with the Public Procurement Act, and its Regulations as amended, so as to:

- Promote best practices, transparency and professionalism in all acquisition processes within the Corporation;

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- Ensure that suppliers of goods and services are subjected to a competitive tendering process in order to achieve quality, price competitiveness and reliability;
- Ensure that all expenditures are incurred in accordance with the approved plan and budget and the annual procurement plan (APP); and
- Ensure compliance with applicable regulations and legislations.

2.15.3 Meetings of Those Charged with Governance

The Board is required to meet at least four times a year. The Board meetings are held once quarterly with additional meetings convened as and where necessary. During the financial year ended 30 June 2024, the Board held thirteen (13) meetings, of which four (4) were ordinary and nine (9) were extra-ordinary.

The Board meetings, during the financial year under review, discussed and deliberated on the following main issues: -

- Appraisal on External Auditing for the Financial Year Ended 30th June 2023 (Audit Plan, Audit Fees, and Status Update)
- Draft Internal Audit Annual Plan for the Financial Year 2023/24
- Internal Audit Report on Procurement Activities for the 4th Quarter of the Financial Year 2022/23
- Procurement Report for the 4th Quarter of the Financial Year 2022/23
- TPDC Investment Performance Report for the Financial Year 2022/23
- Approval of the Performance Contract between the Treasury Registrar and the Board of Directors of TPDC
- Draft Production Sharing Agreement between the Government of the United Republic of Tanzania and TPDC concerning the West Songo Songo Block
- Approval of the Gas Sales Agreement (GSA) related to the Sale of Gas from the Ntorya Gas Fields
- HSSE and Sustainability Performance Report for the 1st Quarter of the 2023/2024 Financial Year
- Internal Audit Report on Procurement Activities for the 1st Quarter of the Financial Year 2023/2024
- Procurement Performance Review Report for the 1st Quarter Ended on 30th September 2023
- Internal Audit Report for the Directorate of Planning and Investment:
- Risk Management Report for the 2nd Quarter of the Financial Year 2023/2024: Board Paper No. OBM 06/2023-24/91;
- Appraisal on Compliance Checklist for the 1st Quarter of the 2023/2024 Financial Year; and
- Appraisal on the Implementation Status of Recommendations from the CAG Reports (current and previous issues):
- Guidelines for Pre-Financing of Natural Gas Distribution Infrastructure:

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- Infill 2D Seismic Acquisition Project in Eyasi Wembere Block
- Amendment of the 2023/2024 Annual Procurement Plan:
- Human Resource Management Report for the 2nd Quarter of 2023/24 Financial Year: Board Paper No. OBM 06/2023-24/101.
- Business Performance and Investment Reports
- Progress Report on Songo Songo Gas to Electricity Project Negotiations
- Corporate Dividend Policy
- Request for Additional Budget for the 2023/2024 Financial Year
- Proposal to Invest in Treasury Instruments and Short-term Placements in Banks and Financial Institutions
- Annual Procurement Plan for the 2024/25 Financial Year
- Status of Ownership of Storage Tank No. 8 in Kigamboni, Dar Es Salaam
- Signing of Heads of Terms (HoT) of Joint Venture between TPDC, Rosetta, and Africa 50 for Investment in a Mini LNG Project
- Memorandum of Understanding (MoU) Between TPDC and ARA Petroleum
- HSSE and Sustainability Performance Report for the 3rd Quarter of the 2023/2024 Financial Year
- Procurement performance review report for the 3rd Quarter ended 31 March 2024.
- Business performance review versus plan for Upstream, Mid, and Downstream projects.
- Corporate Long-term Strategic Plan and Annual Plan for 2024/2025 Financial year.
- Approval of Organizational Structure for TPDC and its Subsidiaries.
- HSSE and Sustainability Performance Report for the 4th Quarter of the 2023/2024 Financial Year
- Report on the Board's site visit to National Natural Gas Infrastructure in Dar es salaam, Lindi, Pwani and Mtwara Regions from 10-14 June 2024.
- Deliberation on the Management Letter of the Financial and Compliance Audit for the Financial Year Ended 30 June 2023
- Deliberation on the Audited Financial Statement for the Financial Year Ended 30th June 2023
- Deliberation on the Financial Performance Report for the Quarter ended 30th September 2023
- Approval to acquire Wentworth's Participating Interest in Mnazi Bay Production Sharing Agreement.
- Request to change Authorized Signatories to TPDC'S Bank Accounts
- Report on the investment made by TPDC to its subsidiary Companies
- Approval of the Annual Plan and Budget for the 2024/2025 Financial Year
- Approval of the Form of TPDC Annual Report
- Removal of Members of Interim Governing Board of TPDC Subsidiaries in Register of Companies at BRELA
- Proposal to Amend the Annual Procurement Plan for the 2023/2024 Financial Year
- Report on the Inquiry Committee on Disciplinary Matters against Former TANOIL Management

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- Request for Approval of Salary Review for TPDC and its subsidiary Companies
- Appointment of TPDC Staff to Join the TANOIL Governing Board

2.15.4 Board's Committee

In discharging her duties, the Board has formulated four Board committees, comprising members from the Board of Directors and other co-opted members, to ensure and uphold a high standard of corporate governance. The members' tenure of office for these committees runs concurrently with that of the Board of Directors. The Committees report to the Board of Directors and are scheduled to meet at least once every quarter. The four Board's committees are as described below:

i. Audit, Risk and Compliance Committee

This is an Oversight Committee of the Board which comprises of Independent Directors. It reviews the scope of the internal and external audit plans, examines significant findings by internal and external auditors, evaluates management's responses, and oversees the appointment and replacement of the Director of Internal Auditing. The Committee also oversees the financial reporting process, ensures that internal control systems are adequate and effective, and acts as a liaison between the external auditors and management.

To ensure separation of Committee's membership, individuals serving on the ARCC cannot be elected to serve in any other Committee. All members who served on this Committee during the financial year 2023/24 are non-executive and independent, with no financial interests in the entity or significant relationships with management, suppliers, or customers. The Committee has an approved Charter, which stipulates, among others, the authority, duties and responsibilities.

Members of the Audit, Risk, and Compliance Committee comprised of the following directors:

S/N	Name	Position	Age	Meeting Attendance
1	Dismas A. Fuko	Chairperson	73	12/12
2	Ruth H. Zaipuna	Member	51	5/12
3	Mrisho S. Mrisho	Member	58	12/12
4	Peter L. Mwambuja	Member	47	11/12

During the financial year, the Committee discussed and deliberated the following key Agenda:

- External auditor draft engagement letter, draft audit plan and the proposed audit fee for the FY 2023.
- External Audit report, audited financial statements and management letter for the year ended 30th June 2023 presented by the External Auditor.

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- iii. Internal Audit plan for the Financial year 2023/24
- iv. Financial performance of the corporation
- v. Quarterly Risk Management reports
- vi. The draft Financial report for FY ended June 2023
- vii. Internal Audits reports during the period

ii. Human Resources and Administration Committee

The Human Resources and Administration Committee (Formerly Nomination and Compensation Committee) has the delegated authority of the Board in respect of the functions and powers vested to the Committee. The role of the Committee is to assist the Board in fulfilling its responsibility to the shareholder to ensure that nominations and remuneration policies and practices are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements, and executive remuneration is aligned to company purpose and values and linked to the delivery of the long-term strategy. In particular, the Committee shall provide advice to the Board on all matters, including executive development, recruitment, setting the policy for remuneration, promotion and performance.

Members of the Human Resources and Administration Committee comprise of the following directors:

S/N	Name	Position	Age	Meeting Attendance
1	Zuhura S. Muro	Chairperson	64	7/7
2	Protase R. Ishengoma	Member	64	4/7
3	Amb. Peter A. Kallaghe	Member	65	7/7

During the financial year, the Committee discussed and deliberated the following key Agenda:

- i. Proposal to move TPDC's operations from Dodoma to Dar es Salaam
- ii. Quarterly HRAC Management Reports
- iii. Promotion of TPDC Staffs
- iv. Reallocation of TPDC Office to Dodoma
- v. Salary Review
- vi. Selection process of candidates to fill vacant positions

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iii. Investment and Business Development Committee

The primary responsibility of the Committee is to oversee the commercial vision on behalf of the Board and report the results of their activities to the Board. The Committee shall deliberate and recommend to the Board issues relating to:

- a) Planning and budget matters;
- b) Investment matters;
- c) Local Content matters;
- d) Marketing matters;
- e) Monitoring and delivery;
- f) ICT and Statistics; and
- g) Corporate and public relations and related directed by the Committee.

Members of the Investment and Business Development Committee are as follows:

S/N	Name	Position	Age	Meeting Attendance
1	Paul D. Makanza	Chairperson	57	7/7
2	Protase R. Ishengoma	Member	64	6/7
3	Eng. Charles Omujiuni	Member	64	7/7
4	Zuhura S. Muro	Member	64	7/7
5	George Kibakaya	Co-opted Member	64	7/7
6	Salvator Ntomola	Member	74	7/7

During the financial year, the Committee discussed and deliberated the following key Agenda:

- i. Quarterly TPDC Investment Reports
- ii. Performance contract between the Treasury Registrar and Board Directors of TPDC
- iii. Production sharing Agreement between the Government of the United Republic of Tanzania in respect of West Songo songo Block
- iv. Pre-financing cost for the construction of Natural Gas Supply Infrastructure to keda Float Glass Factory in Mkuranga
- v. Infill 2D Seismic Acquisition Project in Eyasi Wembere Block
- vi. Amendment of the 2023/2024 Annual Procurement Plan
- vii. Corporate dividend policy 2024
- viii. Business Performance Review Versus Plan
- ix. Corporate long-term strategic plan and Annual plan

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iv. Safety, Environment and Sustainability Committee

The Safety, Environment and Sustainability Committee is responsible for assisting the Board in fulfilling its oversight responsibilities on health, safety, environment and sustainability issues. Specifically, it will monitor and assess the adequacy and effectiveness of internal controls and compliance with Health, Safety, Social and Environment (HSSE) Standards and International Petroleum Industry Standards. Further, the Committee shall be responsible for ensuring that the day-to-day corporation activities build and support the long-term sustainability of the core business. Members of the Safety, Environment and Sustainability Committee are:

S/N	Name	Position	Age	Meeting Attendance
1	Salvator Ntomola	Chairman	74	4/4
2	Paul D. Makanza	Member	57	4/4
3	Eng. Charles S. Omujiuni	Member	64	4/4

During the financial year, the Committee discussed and deliberated the following key Agenda:

- (i) Quarterly HSSE and Sustainability Performance Reports
- (ii) The HSSE and Sustainability objectives and progress of the KPIs set for the period between July and December 2023.
- (iii) The HSSE and Sustainability End of Year Report for TPDC and its Subsidiaries
- (iv) The HSSE Sustainability undertaken programs for the second quarter of the financial year for the Corporate being an HSSE and Sustainability Awareness Campaign which promotes a healthier workplace culture.
- (v) Report on Board's Site Visit to National Natural Gas Infrastructure in Dar es Salaam, Lindi, Pwani, and Mtwara Region from 10th - 14th June 2024;

2.15.5 Management of the Corporation

The corporation management is headed by the Managing Director who is assisted by Directors and other Senior Management. The Managing Director is also the Chief Executive Officer with the role to ensure proper administration and management of the corporation affairs. The corporation management under the supervision of the Managing Director demonstrate capability to handle day to day operational and administrative functions. Management is organized under four (4) directorates and Six (6) units as follows;

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Directorates

- Exploration, Development and Production;
- Oil and Gas Business;
- Planning and Investment; and
- Finance and Administration.

Units

- Procurement Management;
- Public Relations and Communication;
- Risk Management;
- Internal Auditing;
- Legal Services; and
- Information Communication Technology and Statistics.

The Management team as of the date of signing this report, comprises of the following members;

Name	Position
Mr. Mussa Mohamed Makame	Managing Director
Mr. Francis M. Mwakapalila	Director of Finance and Administration
Mr. Kenneth Mutaonga*	Director of Exploration, Development and Production
Mr. Mpambika William Chiume*	Director of Oil and Gas Business
Mr. Derick August Moshi	Director of Planning and Investment
Mr. Gabriel L. Mwero	Director of Internal Audit Unit
Dr. Elias T. Mwashuiya	Director of Legal Services Unit
Mr. Edwin J. Riwa	Head of Procurement Management Unit
Mr. Renatus E. Nyanda	Head of Risk Management Unit
Mr. David L. Kidenya	Head of ICT and Statistics Unit
Ms. Marie F. Msellemu	Head of Public Relations and Communication Unit

** Resigned Management personnel*

2.16 APPOINTMENT OF AUDITOR

The Controller and Auditor General (CAG) is the statutory auditor of the Corporation by virtue of Article 143 of the Constitution of the United Republic of Tanzania of 1977 as amplified under section 10(1) of the Public Audit Act, [CAP.418 R.E 2021]. However, in accordance with section 33 (1) of the same Act, PricewaterhouseCoopers and the National Audit Office jointly carry out the audit of Tanzania Petroleum Development Corporation for the year ended 30 June 2024.

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2.17 RESPONSIBILITY OF THE AUDITOR

The Controller and Auditor General (CAG) has a statutory responsibility to report to the stakeholders as to whether, in his opinion, the financial statements of the Corporation present fairly the financial position, financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), the Tanzania Financial Reporting Standard (TFRS 1) and in the manner required by Section 10 (2) of the Public Audit Act, Cap 418.

2.18 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the Corporation to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The members also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislations relevant to the Corporation.

Therefore, Those Charged with Governance are of the opinion that the financial statements of the Corporation give a true and fair view of the Corporation's state of the financial affairs and of its operating results for the year ended 30 June 2024.

2.19 POLITICAL AND CHARITABLE DONATIONS

During the reporting period, The Corporation did not donate funds to any political party. The Corporation being a good citizen donated TZS 1.01 billion to charity organizations which is part of Social Corporate Responsibility Policy. Below is the list of beneficiaries and the amounts donated.

S/N	Beneficiaries	Amount	Purpose of the donation
1.	Ruaha Village -Lindi	39,979,000	CSR Payment to sponsor construction of local government office at Ruaha Village -Lindi
2.	Muhimbili Hospital National	40,000,000	CSR Payment to sponsor construction of theatre building
3.	quantity surveyors	5,000,000	CSR Payment to sponsor quantity surveyors general meeting
4.	Women Association	8,550,000	Sponsorship of the Women's Association at Madimba
5.	Tanzanians	24,950,594	Sponsorship of the ever Tanzania - Indonesia Business forum
6.	Women TV Programme	18,000,000	CSR Payment to sponsor women TV Programme
7.	Mwalimu Nyerere Institution	20,000,000	Funding of Mwl Nyerere marathon 2023
8.	Mfuru Secondary	17,885,425	50% well drilling at Mfuru secondary school in Kisarawe

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S/N	Beneficiaries	Amount	Purpose of the donation
9.	Tanzania Geological Society	10,000,000	Sponsorship to Tanzania Geological Society annual conference
10.	Msimbati Village	600,000,000	CSR for construction of Msimbati Health Centre
11.	Songo Songo	13,800,000	CSR for education Services at Songo Songo Ward
12.	Ruahha-Lindi	26,378,500	CSR Payment to sponsor school infrastructure-Ruahha-Lindi
13.	Media sector	30,000,000	Sponsorship of the upcoming Tanzania National Media sector development conference
14.	Songo Songo Ward	35,000,000	CSR for Construction of Playground for Songosongo Ward
15.	Mfuru Secondary	16,096,883	Mfuru water well drilling Invoice
16.	Clean Energy Conference	50,000,000	Contribution to clean energy women festival
17.	Mtwara Region	20,000,000	Contribution to the local conference held in Mtwara
18.	Mwalimu Nyerere Memorial Institute	15,000,000	Contribution for the commemoration of the 102nd anniversary of the birth
19.	Madimba and Msimbati	20,980,000	CSR Request for organizing study tour at gas processing plant Madimba and Msimbati
20.	Mtwara region	500,000	Contribution on Uhuru Torch of Freedom Activity at Mtwara region
		1,012,120,402	

2.20 EMPLOYEES' WELFARE

(a) Management and Employees' relationship

Established healthy relationship between Management and employees represented by the Workers council and TUICO. Harmonious relationship demonstrated during the Workers Council and TUICO meetings where Management transacted with employees' representatives.

(b) Working Environment

Management believes that its employees should find working for the Corporation an inspiring and personally elevating experience, and consequently accepts co-responsibility for the development of each employee to his/her full potential.

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Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Corporation. This encompasses individual commitment towards innovative thinking and professional expertise resulting to reward.

(c) Opportunities and Fairness

Management is convinced that equal opportunities for all employees, irrespective of ethnicity, race, gender, disability or religion, should be pursued. Management accepts that only through total commitment, loyalty and dedication of its employees will be able to achieve its performance targets.

(d) Post-employment Benefits

The Corporation contributes 15% of basic salary of each employee to the Fund on behalf of all permanent employees. In addition, The Corporation also provides a golden handshake post retirement as part of its incentive scheme.

(e) Medical Services

All TPDC staff are included in the health insurance scheme. The National Health Insurance Fund (NHIF), a mandatory Government health scheme, provides medical services to TPDC Staff. The employer and employee contribute 3% of the basic salary to NHIF. The Corporation has improved medical services for staff by entering a separate contract with the NHIF for the supplementary scheme, where staff and their dependents get all medical services, including those not covered by standard NHIF cards. The supplementary medical services started in May 2023.

(f) Training

TPDC has a stable training and development program. The TPDC Staff Regulations (2008) provide procedures to be followed when implementing the program. Sources of funds are clearly identified to make the program comprehensive. During the year ended 30 June 2024, TZS 2.03 billion was spent on short and long courses both locally and abroad, compared to TZS 1.13 billion spent in the year ended 30 June 2023. Training expenses are disclosed as part of other expenses within Note 28.

(h) HIV/AIDS awareness programme

The Corporation has an HIV/AIDS awareness program and measures to provide all-encompassing management of HIV/AIDS at the workplace to ensure business continuity. In the year 2023/24, TPDC conducted an awareness program for the Management and its staff to raise employees' awareness of HIV/AIDS-related issues.

2.21 DISABLED PERSONS AND GENDER BALANCE

2.21.1 Disabled Persons

The Corporation adheres to a disability policy that responds to the National Disability Policy (2004), which requires all government institutions, families, relatives, local governments, and non-governmental organizations to care for disabled persons. The Corporation ensures that people with disabilities have access to the Corporation's facilities and environment comparable to that of their non-disabled peers. The policy recognizes that disabled staff and community members are integral to the Corporation community.

2.21.2 Gender Balance

The Corporation is dedicated to conforming to a national policy on gender balance by adhering to the principles of gender issues. The Staff Regulations observe principles of gender matters, such as employment opportunities, sexual harassment, etc. During the year ended 30 June 2024, TPDC had 458 qualified human capital in relevant and different disciplines, of which 349 (76.2%) were male and 109 (24%) were female.

The Corporation's recruitment policy is to give equal opportunity to all people on recruitment process to fill vacant employment posts. Thus, the Corporation does not discriminate between male and female applicants to the vacant posts. In this regard, great care is taken when implementing the policy in order to ensure that education/professional qualifications, competencies and key attributes which are the basic criteria for selection and appointment, is not compromised.

2.22 MAJOR PROCUREMENT CONTRACTS

The Corporation had major procurement contracts with persons and other entities, which were essential to its operations during the financial year ended 30 June 2024. The list of the major procurement contracts of above TZS 100 million is summarized below

Major Procurement Contracts for the years 2023/24

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S/No	Contract Title	Name of Supplier/ Service Provider	Type of Contract	Contract Value (TZS)
1	Consultancy Services for undertaking Detailed Engineering Design for the Construction of a High-Pressure Raw Natural Gas Transportation Pipeline from Ntorya Gas Field to Madimba Natural Gas Processing Plant	Kimphil Konsult (T) Ltd	Consultancy	1,716,530,070
2	Construction of Natural Gas Distribution Network to Households in Lindi and Pwani	M/s Lootah BC Gas LLC	Works	1,540,725,920
3	Engineering, Procurement, and Construction (EPC) for Natural Gas Distribution Network in Dar es Salaam - DUCE and Mlimani City Kitchens	M/s Gas Company (T) Limited	Works	1,091,563,991
4	Provision of Air Traveling Services TPDC & TANOIL	M/s Shades of Green	Service	869,234,472
5	Supply and Installation of Street Lights at Msimbati, Madimba and Mngoji Villages in Mtwara Region	M/s CHIBESH Construction Company Limited	Works	498,205,327
6	Supply and Installation of Air Conditioners at TPDC Buildings	M/s Tera Technologies and Engineering Limited	Service	294,705,000
7	Construction of Sabasaba Pavilion	M/s NORDIC Construction Company Limited	Works	213,361,582
8	Consultancy Services to Undertake Environmental and Social Impact Assessment (ESIA) for Construction of High Pressure Natural Gas Transmission Pipeline from Ntorya Gas Field to Madimba Processing Plant	M/s TANSHEQ Limited	Consultancy	194,823,310
9	Construction of Msimbati Police Station at Msimbati Ward in Mtwara Region	M/s SERC Construction Company Limited	Works	186,170,804
10	Upgrade of Conference Sound system	M/s Rana Technologies Limited	Goods	138,020,883
11	Renewal and Support of Disaster Recovery Software License	M/s Computer Connection Limited	Service	134,000,000
12	Supply and Installation of Heavy Duty Printers - TPDC and TANOIL	M/s MFI Document Solutions	Goods	121,343,708
13	Supply of Office Furniture and Fittings at TPDC Offices	M/s J.E & CL. Co. Limited	Goods	119,126,900
14	Renewal of Disaster Recovery Software License and Support	M/s Computer Connection Limited	Service	105,524,485
TOTAL				7,223,336,451

Controller and Auditor General

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2.23 PREJUDICIAL ISSUES

During the reporting period, there were no issues outside the control of the entity in achieving the objectives (prejudicial issues).

2.24 STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance is prepared in compliance with the new Tanzania Financial Reporting Standard No. 1 (TFRS 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021. The Corporation's financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.25 FUTURE PERFORMANCE OF SIGNIFICANT EVENTS AFTER REPORTING DATE

There were no significant events with material impact on the Corporation.

2.26 APPROVAL

This Report was approved and authorized for issue by the Board of Directors during its 11th Extra-Ordinary Meeting held on 28 December 2024 and signed on its behalf by

H.E. Amb. Ombeni Y. Sefue
Chairman

Date: 18/03/2025

Mussa M. Makame
Managing Director

Date: 18/03/2025

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

3.0 STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2024

The Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of Tanzania Petroleum Development Corporation comprising the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information, in accordance with IFRS Accounting Standards and the manner required by Public Corporations Act, 1992.

The Directors are also responsible for such internal control as Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors have assessed the Corporation and Group's ability to continue as a going concern and have disclosed the facts under Note 2 of these financial statements. They have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of Financial Statements

The consolidated and separate financial statements of Tanzania Petroleum Development Corporation and its subsidiaries, as identified in the first paragraph, were approved by the Board of Directors and signed on its behalf by:

H.E. Amb. Ombeni Y. Sefue
Chairman

Date: 18/03/2025

Mussa M. Makame
Managing Director

Date: 18/03/2025

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4.0 DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing the true and fair view position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Senior Management as under Management's Responsibilities statement on an earlier page.

I, **Francis Misana Mwakapalila**, being the Director of Finance and Administration of Tanzania Petroleum Development Corporation hereby acknowledge my responsibility of ensuring that consolidated and separate financial statements for the year ended 30 June 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: Director of Finance and Administration

NBAA Membership No.: ACPA (T) 1400

Date: 18/3/2025

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

5.0 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

Assets	Note	GROUP		CORPORATION	
		2024	2023	2024	2023
		TZS 'm	TZS 'm	TZS 'm	TZS 'm
Non-current assets					
Property, plant and equipment	5	2,141,343	2,202,357	2,138,574	2,200,344
Natural gas properties	6	106,450	39,439	106,450	39,439
Investment Properties	7	5,284	5,138	5,284	5,138
Intangible assets	8	866	14,102	803	13,953
Investment in subsidiaries	9	-	-	105,698	105,698
Investment in associate	10	843,794	435,288	843,794	435,288
Right-of-use asset	11	3,816	3,633	3,816	3,633
Escrow funds	12	158,458	140,398	158,458	140,398
		3,260,011	2,840,355	3,362,877	2,943,891
Current assets					
Inventories	13	29,467	26,561	3,044	1,251
Trade and other receivables	14	1,526,876	978,840	1,542,203	993,153
Loan receivable	34	-	-	8,090	-
Cash and cash equivalents	15	233,396	220,569	218,121	212,269
		1,789,739	1,225,970	1,771,458	1,206,673
Total Assets		5,049,750	4,066,325	5,134,335	4,150,564
Equity and Liabilities					
Equity					
Share capital	16	2,208	2,208	2,208	2,208
Equity contribution from GoT	17	3,722,470	3,271,658	3,722,470	3,271,658
Revaluation reserve	17	452,042	452,042	452,614	452,614
Retained earnings		(258,678)	(501,582)	(169,259)	(412,831)
Total equity		3,918,042	3,224,326	4,008,033	3,313,649
Liabilities					
Non-current liabilities					
Government grant and assistance	20	41,929	38,096	41,929	38,096
Lease liability	11	2,627	3,106	2,627	3,106
Asset retirement obligation	21	6,157	2,166	6,157	2,166
		50,713	43,368	50,713	43,368
Current liabilities					
Borrowings	19	630,192	630,192	630,192	630,192
Lease liability	11	1,001	719	1,001	719
PSA cash calls commitments	22	5,441	1,579	5,441	1,579
Trade and other payables	23	421,868	157,881	416,480	152,725
Income tax payable	18	22,493	8,260	22,475	8,332
		1,080,995	798,631	1,075,589	793,547
Total liabilities		1,131,708	841,999	1,126,302	836,915
Total equity and liabilities		5,049,750	4,066,325	5,134,335	4,150,564

The financial statements were approved by the Board of Directors and signed on its behalf by;

H.E. Amb. Ombeni Y. Sefue

Chairman

Date: 18/03/2025

Mussa M. Makame

Managing Director

Date: 18/03/2025

Controller and Auditor General

AR/PA/TPDC/2023/24

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE PERIOD ENDED 30 JUNE 2024**

	Note	GROUP		CORPORATION		
		2024 TZS 'm	2023 TZS 'm	2024 TZS 'm	2023 TZS 'm	2023 TZS 'm
Revenue from contracts with customers	25	1,193,159	1,747,115			
Cost of sales	26	(882,835)	(1,554,117)	1,005,311	1,471,851	
				(743,876)	(1,279,390)	
Gross profit		310,324	192,998	261,435	192,461	
Other income	27	224,034	43,765	217,997	38,916	
Impairment (loss)/reverse on trade receivables	14	(62,827)	(17,345)	(65,704)	5,412	
Administrative expenses	28	(170,191)	(136,649)	(112,783)	(73,273)	
Operating profit		301,340	82,769	300,945	163,516	
Finance cost	31	(871)	(1,014)	(849)	(894)	
Share of profit(loss) from associate	10	6,188	(3,030)	6,188	(3,030)	
Profit before tax		306,657	78,725	306,284	159,592	
Income tax expense	32	(57,909)	(31,477)	(56,867)	(31,400)	
Profit for the year		248,748	47,248	249,417	128,192	
Other comprehensive income:		-	-	-	-	
Total comprehensive income for the year		248,748	47,248	249,417	128,192	

H.E. Amb. Ombeni Y: Sefue

Chairman

Date: 18/03/2025

Mussa M. Makame

Managing Director

Date: 18/03/2025

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

GROUP

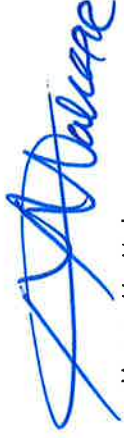
Year ended 30 June 2024	Share capital TZS 'm	Equity contribution government TZS 'm	Revaluation reserve TZS 'm	Retained earnings TZS 'm	Total TZS 'm
At the start of the year	2,208	3,271,658	452,042	(501,582)	3,224,326
<u>Other comprehensive income:</u>					
Profit for the year	-	-	-	248,748	248,748
<u>Transactions with owners:</u>					
Dividend paid	-	-	-	(5,844)	(5,845)
Additional capital (Note 17)	-	450,812	-	-	450,812
At the end of the year	2,208	3,722,470	452,042	(258,678)	3,918,042
Year ended 30 June 2023					
At start of the year	2,208	444,100	452,042	(546,130)	352,220
<u>Other comprehensive income:</u>					
Profit for the year	-	-	-	47,248	47,248
<u>Transactions with owners:</u>					
Dividend paid	-	-	-	(2,700)	(2,700)
Additional capital	-	75,485	-	-	75,485
Borrowing convention to equity	-	2,752,073	-	-	2,752,073
At the end of the year	2,208	3,271,658	452,042	(501,582)	3,224,326



H.E. Amb. Ombeni Y. Sefue

Chairman

Date: 18/03/2025



Mussa M. Makame

Managing Director

Date: 18/03/2025

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

CORPORATION

	Share capital TZS 'm	Equity contribution government TZS 'm	Revaluation reserve TZS 'm	Retained earnings TZS 'm	Total TZS 'm
Year ended 30 June 2024					
At start of year	2,208	3,271,658	452,614	(412,831)	3,313,648
<u>Other comprehensive income:</u>					
Profit for the year	-	-	-	249,417	249,417
<u>Transactions with owners:</u>					
Dividend paid	-	-	-	(5,845)	(5,845)
Additional capital (Note 17)	-	450,812	-	-	450,812
At the end of the year	2,208	3,722,470	452,614	(169,259)	4,008,033
Year ended 30 June 2023					
At start of year	2,208	444,100	452,614	(538,323)	360,599
<u>Other comprehensive income:</u>					
Profit for the year	-	-	-	128,192	128,192
<u>Transactions with owners:</u>					
Dividend paid	-	-	-	(2,700)	(2,700)
Additional capital	-	75,485	-	-	75,485
Borrowing convention to equity	-	2,752,073	-	-	2,752,073
At the end of the year	2,208	3,271,658	452,614	(412,831)	3,313,649

H.E. Amb. Ombeni Y. Sefue
Chairman
 Date: 18/03/2025


 Mussa M. Makame
Managing Director
 Date: 18/03/2025

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

		GROUP		CORPORATION	
	Note	2023/2024	2022/2023	2023/2024	2022/2023
		TZS 'm	TZS 'm	TZS 'm	TZS 'm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operating activities	33	257,722	(2,251)	253,243	45,769
Interest paid	19	(376)	(208)	(376)	(208)
Income tax paid	18	(23,332)	(10,402)	(22,406)	(10,224)
Net cash flows from operating activities		234,013	(12,861)	230,460	35,337
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment (net of transfers)	5	(19,682)	(12,969)	(18,486)	(12,422)
Acquisition of intangible assets	8	(3)	(177)	-	(176)
Dividend income received	10	2,780	3,146	2,780	3,146
Additions to natural gas properties	6	(71,716)	(283)	(71,716)	(283)
Additional investment in subsidiary	9	-	-	-	(22,584)
Investment property addition	7	(237)	(812)	(237)	(812)
Loan Receivable	34	-	-	(40,740)	-
Loan Repayment	34	-	-	34,943	-
Investment in EACOP	10	(405,243)	(160,222)	(405,243)	(160,222)
Net cash used in investing activities		(494,101)	(171,317)	(498,699)	(193,353)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease (Principal)	11	(624)	(719)	(624)	(719)
Repayment of bank borrowings	19	-	(16,782)	-	(16,782)
Principal received	19	-	16,765	-	16,765
Government contribution	17	264,596	75,485	264,596	75,485
Government grant	20	4,090	-	4,090	-
Dividends paid		(5,845)	(2,700)	(5,845)	(2,700)
Net cash flows from financing activities		262,217	72,049	262,217	72,049
Net decrease in cash and cash equivalents		2,129	(112,129)	(6,021)	(85,967)
Movement in cash and cash equivalents					
At the beginning of the year		220,569	327,797	212,269	297,169
Increase during the year net of realised gain		2,129	(112,129)	(6,021)	(85,967)
Realised gain on foreign exchanges		10,697	4,901	11,872	1,067
Cash and cash equivalents at the end of the year	15	233,396	220,569	218,121	212,269

H.E. Amb. Ombeni Y. Sefue
Chairman
Date: 18/03/2025



Mussa M. Makame
Managing Director
Date: 18/03/2025



TANZANIA PETROLEUM DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Tanzania Petroleum Development Corporation (TPDC) is domiciled in Dar es Salaam, Tanzania. The consolidated financial statements of the Corporation as at and for the year ended 30 June 2024 comprise the Corporation and its subsidiaries GASCO and TANOIL (together referred to as the “Group”). The Corporation owns 100% of the ordinary share capital of GASCO and TANOIL.

The Group is primarily involved in the administration and development of the oil and gas sector on behalf of the Government of the United Republic of Tanzania, as well as running the downstream gas business as the main supplier and distributor. The registered address of the office is:

PSSSF Building Kambage Tower,
8th Floor,
Jakaya Kikwete Road,
P.O Box 1191,
Dodoma, Tanzania.

For the purpose of these financial statements “consolidated” refers to the Group’s financial statements (including its corporation and subsidiaries) and “separate” refers to the Corporation’s financial statements.

2. GOING CONCERN

As of the year-end, the Group and the Corporation reported accumulated losses amounting to TZS 258,678 million and TZS 169,259 million respectively (2023: Accumulated losses of TZS 501,582 million and TZS 412,831 million respectively).

The consolidated financial statements have been prepared on a going-concern basis. This assumes that the Government will continue to provide financial support as and when necessary. The Government has consistently shown its commitment to providing financial support. This support comes in the form of revenue grants to finance part of the operating costs, capital contributions to finance capital projects, and the granting of government loans and/or securing of loans on behalf of the Group and Corporation. The Management believes that the Government acknowledges the Group’s and Corporation’s financial difficulties.

In view of the above, the Management of the Corporation believes that the Group and Corporation will continue to operate on a going-concern basis. Accordingly, these financial statements have been prepared based on accounting policies applicable to the going concern.

3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and in the manner required by the Public Corporation Act, 1992.

The measurement basis applied is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzanian Shillings (TZS 'm), rounded to the nearest million, except where otherwise indicated.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

b) Foreign currency translations

Transactions in foreign currencies are translated to the functional currency (Tanzanian Shilling - (TZS) at the exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign currency gains or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at the fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss in the period in which they arise. Foreign currency differences relating to trading activities are recognized under operating expenses.

c) Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Investment in subsidiaries is accounted for at cost in the separate financial statements.

(ii) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealised income and expenses arising from intercompany transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Corporation'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.

(iii) Joint operations and similar arrangements and joint ventures

A joint arrangement exists when the Group and Corporation hold a long-term interest that is jointly controlled by the Group, the Corporation, and one or more other parties. This control is established under a contractual arrangement where decisions about relevant activities require the unanimous consent of all parties sharing control. Such joint arrangements are classified as either joint operations or joint ventures.

The parties to a joint operation have rights to the assets and obligations for the liabilities, relating to their respective share of the joint arrangement.

In determining whether the terms of contractual arrangements and other facts and circumstances lead to a classification as joint operations, the Group and Corporation in particular consider the nature of products and markets of the arrangement and whether the substance of their agreements is that the parties involved have rights to substantially all the arrangement's assets. Group accounts for the assets, liabilities, revenues and expenses relating to its interests in joint operations in accordance with the principles applicable to those particular assets, liabilities, revenues and expenses.

Normally, this leads to accounting for the joint operation in a manner similar to the previous proportionate consolidation method. Under this method, the Corporation recognises the assets it controls, the liabilities it incurs, the expenses that it incurs, and its share of the income that it earns from the sale of goods or services by the joint operation, all in respect of its interests in jointly controlled operations.

Group's and Corporation's unincorporated joint production activities are conducted through arrangements that are jointly controlled because unanimous consent is required among all parties involved. In determining whether each separate arrangement related to TPDC's unincorporated joint exploration and production licence activities is within or outside the scope of IFRS 11, the Group and Corporation consider the terms of relevant licence agreements, governmental concessions and other legal arrangements impacting how and by whom each arrangement is controlled. Joint ventures (in which the Group and Corporation have rights to the net assets), are accounted for using the equity method.

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

d) Changes in accounting policy and disclosures

- (i) New standards, amendments and interpretations that are not yet effective and have not been adopted by the Group and Corporation.

	Effective date	Executive summary
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16 - Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

	Effective date	Executive summary
		that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. For further details see In brief INT2024-06

4.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated and separate financial statements requires the use of accounting estimates, which will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management has applied significant estimates and assumptions under the following areas:

a. Income tax

The Group and the Corporation are subject to income taxes to the Government. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Corporation recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

b. Property, plant & equipment

Critical estimates are made by the management in determining fair value of property, plant and equipment as well as depreciation rates. The rates used are set out in Note 5.

c. Proved oil and gas reserves

Proved oil and gas reserves may materially impact the consolidated and separate financial statements, as changes in the proved reserves, for instance as a result of changes in estimated volume, will impact the unit of production rates used for depletion and impairment

assessments of the natural gas properties. Proved oil and gas reserves have been estimated on the basis of industry standards which require the use of a price based on a 12-month average for reserve estimation, and which are to be based on existing economic conditions and operating methods and with a high degree of confidence (at least 90% probability) that the quantities will be recovered.

Reserves estimates are based on subjective judgements involving geological and engineering assessments of in-place hydrocarbon volumes, the production, historical recovery and processing yield factors and installed plant operating capacity. For future development projects, proved reserves estimates are included only where there is a significant commitment to project funding and execution and when relevant governmental and regulatory approvals have been secured or are reasonably certain to be secured.

The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons. An independent third party has evaluated Group's and Corporation's proved reserves estimates, and the results of this evaluation do not differ materially from Group's estimates.

Proved gas reserves are those quantities of gas, 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.

Unless evidence indicates that renewal is reasonably certain, estimates of economically producible reserves only reflect the period before the contracts providing the right to operate expire.

d. Expected oil and gas reserves

Expected gas reserves may materially impact the consolidated and separate financial statements, as changes in the expected reserves, for instance, as a result of changes in prices, will impact the impairment testing of upstream assets, which in turn may lead to changes in impairment charges affecting operating income. Expected gas reserves are the estimated remaining, commercially recoverable quantities, based on the Group's and Corporation's judgement of future economic conditions, from projects in operation or justified for development.

Recoverable gas quantities are always uncertain, and the expected value is the weighted average, or statistical mean, of the possible outcomes. Expected reserves are therefore typically larger than proved reserves. Expected gas reserves have been estimated on the basis of industry standards and are used for impairment testing purposes and for the calculation of asset retirement obligations. Reserve estimates are based on subjective judgments involving geological and engineering assessments of in-place hydrocarbon volumes, the production, historical recovery and processing yield factors, installed plant operating capacity and operating approval limits. The reliability of these estimates at any point in time depends on

both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons.

e. Impairment of non-financial assets

The Group and Corporation have significant investments in property, plant and equipment, natural gas properties and intangible assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, requiring the carrying amount to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgment and may, to a large extent, depend upon the selection of key assumptions about the future.

Subsequent to the initial evaluation phase for a well, it will be considered a trigger for impairment testing of a well if no development decision is planned for the near future and there is no concrete plan for future drilling in the licence. Impairment of unsuccessful wells is reversed, as applicable, to the extent that conditions for impairment are no longer present.

Estimating recoverable amounts involves complexity in estimating relevant future cash flows, based on assumptions about the future, discounted to their present value. Impairment testing requires long-term assumptions to be made concerning a number of often volatile economic factors such as future market prices, currency exchange rates and future output, discount rates and political and country risk among others, in order to establish relevant future cash flows.

Impairment testing frequently also requires judgement regarding probabilities and probability distributions as well as levels of sensitivity inherent in the establishment of recoverable amount estimates.

f. Asset retirement obligations

The Group and Corporation have significant obligations to decommission and remove onshore and offshore installations at the end of the production period. It is difficult to estimate the costs of these decommissioning and removal activities, which are based on current regulations and technology, and consider relevant risks and uncertainties. Most of the removal activities are to be done many years in the future, and the removal technology and costs are constantly changing.

The estimates include assumptions of the time required and the day rates for rigs, marine operations and heavy lift vessels that can vary considerably depending on the assumed removal complexity. As a result, the initial recognition of the liability and the capitalized cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgment.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equity. 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 an asset retirement obligation, if any, and borrowing costs for qualifying assets. Property, plant and equipment also include expenditure on major maintenance refits or repairs including the cost of replacement assets or parts of assets, inspection costs and overhaul costs.

Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to the Group and Corporation, the expenditure is capitalised. Inspection and overhaul costs, associated with regularly scheduled major maintenance programs planned and carried out at recurring intervals exceeding one year, are capitalised and amortised over the period to the next scheduled inspection and overhaul.

All other maintenance costs are expensed as incurred. All other repair and maintenance costs are recognized in profit or loss as and when incurred.

The estimated useful lives and residual values of property, plant and equipment are reviewed on an annual basis, and changes are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included within other income in the period the item is derecognised.

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

Valuation

Valuations of property, plant and equipment prior to Government Asset Management Guidelines 2019 and circular no.2 of FY 2021/22 on Government Asset Management Information System were performed with sufficient regularity (5 years) to ensure that the carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting period. During the Financial year 2023/24, the Valuation of Property, plant and equipment is in accordance with Government Asset Management Guidelines 2019 and circular No.2 of FY 2021/22 on the Government Asset Management Information System. The estimated useful lives and residual values of property, plant, and equipment are reviewed at the end of the reporting period.

Depreciation

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows: -

Asset class	Rate per annum	
	2023/24	2022/23
Buildings	2%	2%
Furniture, fittings and equipment	10%	10%
Motor vehicles	12.5%	12.5%
Natural gas processing plant	2% - 5%	2% - 5%
Natural gas pipeline	2% - 3.33%	2% - 3.33%
Computer hardware	25%	25%
Intangible assets	10%	25%

Useful lives and residual values are assessed for reasonableness at the end of each reporting period and adjusted where appropriate.

Capital work in progress

Capital work in progress represents the costs incurred for capital projects in respect of downstream & upstream projects that are under construction and are stated at cost. The cost comprises of the cost of materials, labour, overheads and spares. It includes the capital projects under construction that are not depreciated.

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	Year ended 30 June 2024	Opening net book amount	Additions	Transfers**	Depreciation charge	Closing net book amount	As of 30 June, 2024	Cost/fair value	Accumulated depreciation	Netbook amount
Land	TZS 'm	184,125	155	-	-	184,280	184,280	30,511	-	184,280
Buildings	TZS 'm	29,669	-	-	(610)	29,059	29,059	5,331	(1,452)	29,059
Motor vehicles	TZS 'm	5,487	586	115	(857)	5,331	5,331	7,368	(2,037)	5,331
Furniture, fittings and equipment	TZS 'm	7,882	1,479	-	(1,038)	8,323	8,323	11,428	(3,105)	8,323
Computer hardware	TZS 'm	1,180	739	-	(588)	1,331	1,331	2,595	(1,264)	1,331
Gas pipeline	TZS 'm	1,579,579	46	6,164	(56,631)	1,529,158	1,529,158	1,699,194	(170,036)	1,529,158
Gas processing plant	TZS 'm	378,762	-	-	(21,042)	357,720	357,720	420,847	(63,127)	357,720
WIP	TZS 'm	15,673	16,632	(6,164)	-	26,141	26,141	26,141	-	26,141
Total	TZS 'm	2,202,357	19,637	115	(80,766)	2,141,343	2,141,343	2,382,364	(241,021)	2,141,343

**Transfers represents capitalisation of Motor vehicles purchased and paid in advance the previous year and capitalisation of work in progress items that were ready for intended use during the year.

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5. PROPERTY, PLANT AND EQUIPMENT

GROUP													
Year ended 30 June 2023													
	Land	Buildings	Motor vehicles	Furniture, fittings and equipment	Computer hardware	Gas pipeline	Gas processing plant	WIP	Total				
	TZ\$ 'm	TZ\$ 'm	TZ\$ 'm	TZ\$ 'm	TZ\$ 'm	TZ\$ 'm	TZ\$ 'm	TZ\$ 'm	TZ\$ 'm				
Opening net book amount	183,764	30,090	3,751	7,601	890	1,634,460	399,804	6,693	2,267,053				
Additions	503	-	9	1,197	696	-	-	10,706	13,111				
Transfers**	(142)	-	2,377	-	-	1,726	-	(1,726)	2,235				
Depreciation charge	-	(421)	(650)	(916)	(406)	(56,607)	(21,042)	-	(80,042)				
Closing net book amount	184,125	29,669	5,487	7,882	1,180	1,579,579	378,762	15,673	2,202,357				
As of 30 June 2023	184,125	30,511	6,667	9,949	1,856	1,692,984	420,847	15,673	2,362,612				
Cost	184,125	30,511	6,667	9,949	1,856	1,692,984	420,847	15,673	2,362,612				
Accumulated depreciation	-	(842)	(1,180)	(2,067)	(676)	(113,405)	(42,085)	-	(160,255)				
Netbook amount	184,125	29,669	5,487	7,882	1,180	1,579,579	378,762	15,673	2,202,357				
**Transfer during the year represents Land purchased in respect of the petrol station reclassified to investment property and capitalisation of Motor vehicle purchased and paid in advance in the previous year.													

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

CORPORATION	Land	Buildings	Motor vehicles	Furniture, fittings and equipment	Computer hardware	Gas pipeline	Gas processing plant	WIP	Total	TZS 'm
Year ended 30 June 2024	184,124	29,291	5,085	6,710	744	1,579,956	378,761	15,673	2,200,344	
Additions	155	-	-	1,193	415	46	-	16,632	18,441	
Transfers**	-	-	115	-	-	6,164	-	(6,164)	-	
Disposals	-	-	-	-	-	-	-	-	-	
Depreciation charge	-	(610)	(778)	(891)	(374)	(56,631)	(21,042)	-	(80,326)	
Closing net book amount	184,279	28,681	4,422	7,012	785	1,529,535	357,719	26,141	2,138,574	
At 30 June 2024	184,279	30,511	6,248	9,775	1,551	1,699,193	420,846	26,141	2,378,544	
Cost/fair value	-	(1,830)	(1,826)	(2,763)	(766)	(169,658)	(63,127)	-	(239,970)	
Accumulated depreciation	184,279	28,681	4,422	7,012	785	1,529,535	357,719	26,141	2,138,574	
Netbook amount	184,279	28,681	4,422	7,012	785	1,529,535	357,719	26,141	2,138,574	

**Transfers represents capitalisation of Motor vehicles purchased and paid in advance the previous year and capitalisation of work in progress items that were ready for intended use during the year.

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

CORPORATION	Land	Buildings	Motor vehicles	Furniture, fittings and equipment	Computer hardware	Gas pipeline	Gas processing plant	WIP	Total	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2023	183,698	30,090	3,291	6,768	453	1,634,459	399,804	6,693	2,265,257											
Opening net book amount	426	-	-	750	540	-	-	10,706	12,421											
Additions	-	-	-	-	-	-	-	-1,726	2,377											
Transfers**	-	-	2,377	-	-	1,726	-	-	-											
Reclassification	-	-378	-	-	-	378	-	-	-											
Disposal	-	-	-	-	-	-	-	-	-											
Depreciation charge	-	(421)	(583)	(808)	(249)	(56,607)	(21,042)	-	(79,711)											
Closing net book amount	184,124	29,291	5,085	6,710	744	1,579,956	378,762	15,673	2,200,344											
At 30 June 2023	184,124	30,511	6,133	8,582	1,136	1,692,983	420,846	15,673	2,359,988											
Cost	184,124	30,511	6,133	8,582	1,136	1,692,983	420,846	15,673	2,359,988											
Accumulated depreciation	-	(1,220)	(1,048)	(1,872)	(392)	(113,027)	(42,085)	-	(159,644)											
Netbook amount	184,124	29,291	5,085	6,710	744	1,579,956	378,761	15,673	2,200,344											

**Transfer during the year represents Land purchased in respect of the petrol station reclassified to investment property and capitalisation of Motor vehicle purchased and paid in advance in the previous year.

6. NATURAL GAS PROPERTIES

Natural gas properties include oil and gas development and production assets and are measured at cost less accumulated depletion and accumulated impairment losses. Natural gas properties assets include costs incurred in developing commercial reserves and bringing them into production such as drilling of development wells, tangible costs of facilities and infrastructure construction, projected cost of retiring the assets i.e., asset retirement obligation and the borrowing costs on qualifying assets. The development expenditures are capitalized to Natural gas properties when it is probable that a future economic benefit will flow to the Group and the cost can be reliably measured.

These expenditures are incurred under the terms of Production Sharing Agreements (PSAs) and Joint Operations Agreements (JOAs) and represent the Group's share of those expenditures. The costs of the day-to-day servicing of natural gas properties are recognised *in profit or loss as incurred according to TPDC participation interest of 40%.*

Additions

During the year, TPDC increased its company's participation interest in the Mnazi Bay PSA from 20% to 40%. TPDC has acquired 20% participation interest, and M&P has acquired the remaining 11.94% participation interest of Wentworth shares in the Mnazi Bay PSA. TPDC has incurred a total cost of 28.4 million USD, which represents 62.617% of the value of Wentworth participation interest (35.6 million USD).

Depletion

The net carrying amount of natural gas properties is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, considering estimated future development costs necessary to bring those reserves into production. If the useful life of the asset is less than the reserve life, the asset is depreciated over its estimated useful life using the straight-line method. During the year, 10.18% was depreciated from the natural gas property compared to 8.25% in the year ending June 2023.

Future development costs are estimated considering the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers. Changes in factors such as estimates of reserves that affect unit-of-production calculations are dealt with on a prospective basis. Capital costs for assets under construction included in development and production assets are excluded from depletion until the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Disposals

Natural gas properties are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss on the derecognition of the asset, including farm-out transactions or asset sales or asset swaps, is calculated as the difference between the proceeds on disposal, if any, and the carrying value of the asset, is recognised in profit or loss in the period of derecognition.

The Group and Corporation assessed triggers for impairment on the natural gas properties and determined that an impairment test was not required. The majority of the Group and Corporation's natural gas is sold under long-term fixed-price gas sales and purchase agreement, eliminating the current volatility in the commodity market.

Group and Corporation

	2023/24 TZS 'm	2022/23 TZS 'm
Opening balance	39,439	42,734
Additions	71,716	283
Additions ARO Mnazi bay due to acquisition	2,422	-
Additions ARO Mnazi Bay Depreciation due to acquisition	(443)	-
Depletion (including ARO)	(6,684)	(3,578)
Closing balance	106,450	39,439

7. INVESTMENT PROPERTIES

Investment property is property held to earn rental income or for capital appreciation, or both, but not for sale in the ordinary course of business, nor for use in the production or supply of goods or services, or for administrative purposes. Investment properties are initially measured at cost, which includes transaction costs directly attributable to the acquisition. The carrying amount includes the cost of replacing part of an existing investment property when the recognition criteria are met. Costs incurred for the day-to-day servicing of an investment property are not capitalized.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized in profit or loss over the useful life of the asset unless the asset is classified as non-depreciable (e.g., land).

Rental income derived from investment properties is recognized in the income statement on a straight-line basis over the lease term. For the year ended 30 June 2024, the Group recorded rental income of TZS 6.92 billion, which includes land lease income of TZS 6.89 billion from

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EACOP and TZS 21 million from rent on a petrol station. Major rehabilitation and maintenance costs incurred during the year, amounting to TZS 237 million, were necessary for income generation. Also, during the year, the group amortized TZS 34 million in respect of Makuyuni Petrol station equipment which was not in use and depreciation of TZS 57 million was charged in the income statement.

The group classifies cash outflows to acquire or construct investment property as investment activities and classifies rental inflows as operating activities.

Investment properties are derecognized when disposed of or permanently withdrawn from use with no expected future economic benefits. Gains or losses arising from the de-recognition of investment property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss in the period of de-recognition.

Transfers into or out of investment properties are made only when there is a change in use. For transfers from investment property to owner-occupied property, the property's carrying value at the date of change in use is treated as its deemed cost for subsequent accounting. Similarly, if an owner-occupied property becomes an investment property, the Group and Corporation account for the asset according to the policy stated under Property, Plant, and Equipment up to the date of the change in use.

Group and Corporation

	2023/24 TZS 'm	2022/23 TZS 'm
Opening balance	5,138	4,184
Addition during the year	237	812
Depreciation	(57)	
Impairment loss	(34)	
Transfer from PPE**	-	142
Closing balance	<u>5,284</u>	<u>5,138</u>

**Land purchased in respect of the construction of the petrol station which will be leased initially included in PPE

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Investment property movement schedule;

<u>Group and Corporation</u>	Land TZS 'm	Buildings TZS 'm	Equipment TZS 'm	Total TZS 'm
Opening balance as at July 2023	4,063	1,028	47	5,138
Additions	-	228	9	237
Impairment	-	(34)	-	(34)
Depreciation	-	(44)	(13)	(57)
Closing balance as at June 2024	4,063	1,178	43	5,284
As at 30 June 2024				
Cost	4,063	1,256	56	5,375
Impairment	-	(34)	-	(34)
Accumulated depreciation	-	(44)	(13)	(57)
Closing balance	4,063	1,178	43	5,284
<u>Group and Corporation</u>	Land TZS 'm	Buildings TZS 'm	Equipment TZS 'm	Total TZS 'm
Opening balance as at July 2022	3921	216	47	4,184
Additions	-	812	-	812
Transfer	142	-	-	142
Depreciation	-	-	-	-
Closing balance as at June 2023	4,063	1,028	47	5,138
As at 30 June 2023				
Cost	4,063	1,028	47	5,138
Accumulated depreciation	-	-	-	-
Closing balance	4,063	1,028	47	5,138

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8. INTANGIBLE ASSETS

Intangible assets acquired by the Group are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are recognized at cost when it is probable that future economic benefits associated with the asset will flow to the entity. Intangible assets include exploration software and accounting software.

The useful lives of intangible assets are generally assessed to be finite. Intangible assets with finite lives are amortized over their useful economic life and are reviewed for impairment whenever there is an indication that the carrying amount may not be recoverable. The annual amortization rate applied is 25%, calculated on a straight-line basis. Should the useful life of an asset be revised, a new amortization rate is applied based on the updated estimate.

The amortization period and method for intangible assets are reviewed at least at each financial year-end. Changes in the expected useful life or consumption pattern of future economic benefits embodied in the asset are accounted for by adjusting the amortization period or method accordingly, which is treated as a change in the accounting estimate.

Amortization expense on intangible assets is recognized in profit or loss. Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

The FTG data, previously recognized as an intangible asset with an indefinite useful life, has been fully impaired and removed from the Group's balance sheet as of the current reporting period ending 30 June 2024. The Group's and Corporation's intangible assets is made up of;

GROUP	Exploration Software TZS 'm	Accounts software TZS 'm	FTG project TZS 'm	Total TZS 'm
Year ended 30 June 2024				
Opening balance	897	149	13,056	14,102
Addition	-	3	-	3
Impairment provision*	-	-	(13,056)	(13,056)
Amortization	(94)	(89)	-	(183)
Closing balance	803	63	-	866
Cost	3,074	1,268	13,056	17,398
Impairment provision	-	-	(13,056)	(13,056)
Accumulated amortization	(2,271)	(1,205)	-	(3,476)
Closing balance	803	63	-	866

* During the year management assessed the recoverable amount of its FTG intangible asset to Nil. As per Petroleum Act, 2015, PURA is the custodial of all geological data in Tanzania as such Management commenced transfer of these data to PURA.

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GROUP	Exploration Software TZS 'm	Accounts software TZS 'm	FTG project TZS 'm	Total TZS 'm
Year ended 30 June 2023				
Opening balance	1,335	236	13,056	14,627
Addition	176	1	-	177
Amortization	(614)	(88)	-	(702)
Closing balance	<u>897</u>	<u>149</u>	<u>13,056</u>	<u>14,102</u>
As at 30 June 2023				
Cost	3,074	1,265	13,056	17,395
Accumulated amortization	(2,177)	(1,116)	-	(3,293)
Closing balance	<u>897</u>	<u>149</u>	<u>13,056</u>	<u>14,102</u>
CORPORATION				
Year ended 30 June 2024				
Opening balance	897	-	13,056	13,953
Impairment provision	-	-	(13,056)	(13,056)
Amortization	(94)	-	-	(94)
Closing balance	<u>803</u>	<u>-</u>	<u>-</u>	<u>803</u>
As at 30 June 2024				
Cost	3,074	911	13,056	17,041
Impairment provision	-	-	(13,056)	(13,056)
Accumulated amortization	(2,271)	(911)	-	(3,182)
Closing balance	<u>803</u>	<u>-</u>	<u>-</u>	<u>803</u>
Year ended 30 June 2023				
Opening balance	1,335	88	13,056	14,479
Addition	176	-	-	176
Amortization	(614)	(88)	-	(702)
Closing balance	<u>897</u>	<u>-</u>	<u>13,056</u>	<u>13,953</u>
As at 30 June 2023				
Cost	3,074	911	13,056	17,041
Accumulated amortization	(2,177)	(911)	-	(3,088)
Closing balance	<u>897</u>	<u>-</u>	<u>13,056</u>	<u>13,953</u>

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9. INVESTMENT IN SUBSIDIARIES

The group's principal subsidiaries as of 30 June 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

The group accounts for Investments in Subsidiaries on the Cost Method as allowed by IAS 27 in line with its material accounting policies. IAS 27 - Separate Financial statements allow an entity to account for its investments in Subsidiaries, Joint Ventures (JV) and Joint Operations (JO) on Cost. The group determines at each reporting date whether there is any objective evidence that the investment in the subsidiaries is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value. It recognizes the amount of profit or loss.

During the year, management performed an impairment assessment of its investment in TANOIL and GASCO. The impairment test was done based on the past year's financial performance of both subsidiaries. No impairment allowances were recognized during the year (2023: Nil). The impairment assessment was made with the following significant assumptions;

- New approved TANOIL five-year business plan, which shows profitability throughout the plan, improvement in customer base and widening business undertakings by introducing new business lines (i.e LPG and Lubricants).
- New approved GASCO five-year business plan, which shows profitability throughout the plan, widens business operations such as operation & maintenance, Construction activity and addition of new business such as CNG filling outlet.
- Profitability in the current year in both subsidiaries as indicated below.

Corporation			
Investment in TANOIL*		104,198	104,198
Investment in GASCO**		1,500	1,500
		<u>105,698</u>	<u>105,698</u>
Name of the entity	Place of business/ country of incorporation	Ownership interest held by the group	Principal activity
		2023/24	2022/23
GASCO	TANZANIA	100%	100%
TANOIL	TANZANIA	100%	100%
			Operation & Maintenance
			Oil marketing business

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Performance of subsidiaries during the year amounts in TZS'm

Year	Subsidiary/Performance measure	Gross Profit/(Loss)	Profit/Loss for the year	Total Assets	Total Liabilities
2023/24					
2022/23	GASCO	109	(1,325)	28,794	33,402
		53	(4,588)	22,424	25,707
2023/24	TANOIL	10,561	657	60,300	39,984
2022/23		(28,698)	(76,564)	52909	33,250

*TANOIL (formerly known as COPEC) is a fully owned subsidiary company of TPDC established in March 1999 to carry on the oil business in terms of export and import, storage, supplies and distribution of petroleum products.

**Gas Company (Tanzania) Limited (GASCO) is a fully owned subsidiary company of TPDC established in August 1985 to carry on operations, maintenance and construction activities of the natural gas infrastructure as well as performing mechanical and civil works.

10. INVESTMENT IN ASSOCIATE

The Group and Corporation's interests in equity-accounted investees comprise interests in associates. An associate is an entity in which the Group and Corporation have significant influence, but not control or joint control, over the financial and operating policies.

In the consolidated and separate financial statements, interest in associates is accounted for using the equity method. They are initially recognised at cost, which includes the initial transaction costs directly attributable to the acquisition of the investments. Subsequent to initial recognition, the consolidated and separate financial statements include the Group's and Corporation's share of the profit or loss, and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

The following table analyses the financial information about the associate as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Songas. The financial information of the associate presented in the table below from which the attributable profit was taken was for the period ended 30 June 2024 this is consistent with prior years.

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of the associate.

Corporation and Group:

A. Investment in Associate (SONGAS)

Carrying amount of interest	2023/24 TZS 'm	2022/23 TZS 'm
Share of profit/(loss)	54,395	60,571
Dividend received	6,413	(3,030)
Investment in associates	(2,926)	(3,146)
	<u>57,882</u>	<u>54,395</u>

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B. Investment (EACOP)

Carrying amount of interest	380,893	220,672
Share of loss from associate*	(225)	-
Investment in EACOP during the year	405,244	160,221
Dividend received	-	-
Investment in associates	<u>785,912</u>	<u>380,893</u>
Total Investment balance (A+B)	<u>843,794</u>	<u>435,288</u>

*The share of loss during the year is the net share of results from the associate since its incorporation.

TPDC acquired 30,000 shares in SONGAS Limited which is equivalent to 28.69% of the share capital of SONGAS Limited. This investment had a cost of USD 3,000,000. The Group has determined that it has significant influence over the investee and has accounted for the investment as an associate.

SONGAS Limited is one of the Group's strategic partners and is principally engaged in the gas processing, transportation and generation of electricity in Tanzania using natural gas from Songo Songo Island "SSI", which is off the coast of Southern Tanzania. The Company is not publicly listed. There was no change in ownership during the year. The investment is accounted for using the equity method in the consolidated financial statements.

Furthermore, TPDC is among the four shareholders of EACOP Ltd, with an equity interest of 15%. Other shareholders are; Total Energies Holding EACOP SAS (62%), NPC Ltd (15%) and CEPME Ltd (8%) who together with TPDC declared Final Investment Decision (FID) for the Project on 1 February 2022. TPDC has started to meet its cash calls, and during the year a sum of TZS 405,243 million has been paid partly payment of its capital contribution to the company.

Percentage of ownership interest	2023/24	2022/23	2023/24	2022/23
	15% EACOP	15%	28.69% SONGAS	28.69%
	USD 'm	USD 'm	USD 'm	USD 'm
Non-current assets	2,224	1,127	40	66
Current assets	366	126	91	61
Non-current liabilities	(1)	(2)	(8)	(14)
Current liabilities	(309)	(157)	(54)	(49)
Net assets (100%)	2,280	1,095	69	64
Group's share of net assets (15%)	342	164	20	18
Foreign exchange rate (TZS/1 USD)	2,627	2,328	2,627	2,328
Group's share of net assets in associate (TZS 'm)	898,578	382,243	52,253	42,802

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Foreign exchange differences (TZS 'm)	(112,667)	(2,041)	5,774	11,593
Carrying amount of interest in associate at 30 June (TZS 'm)	785,911	380,201	57,882	54,395
Revenue	-	-	111	96
Profit from continuing operations	1.24	(2)	9	(5)
Group's share of net profit	0.19	(0.3)	2.56	(1)
Exchange rate	2,504	2,310	2,504	2,310
Group's share of total comprehensive income (TZS 'm)	467	(692)	6,413	(3,030)

Percentage ownership interest	2023/24 15%	2022/23 15%	2023/24 28.69%	2022/23 28.69%
	EACOP		SONGAS	
Commitments	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Contingent liability	470,752	405,243	-	-
	-	-	-	-

11. LEASE

1. Identification of a Lease

At the inception of a contract, the Group assesses whether the contract is or contains a lease. A contract is considered a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a Lessee

At the commencement or modification of a contract containing a lease component, the Group allocates the consideration to each lease component based on their relative stand-alone prices. The Group recognizes a right-of-use (ROU) asset and a corresponding lease liability at the lease commencement date. The ROU asset is initially measured at cost, which includes the initial amount of the lease liability, lease payments made at or before the commencement date, any initial direct costs incurred, an estimate of costs to dismantle, remove, or restore the underlying asset or site, and less any lease incentives received.

Subsequently, the ROU asset is depreciated on a straight-line basis from the commencement date to the end of the lease term, unless ownership of the underlying asset transfers to the

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Group by the end of the lease term or the ROU asset's cost reflects that the Group will exercise a purchase option. In such cases, the ROU asset is depreciated over the useful life of the underlying asset, consistent with the Group's policy for property and equipment.

The ROU asset is also subject to impairment testing and adjusted for any remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments not yet paid, discounted at the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining rates from various external financing sources and adjusting them to reflect the lease terms and the type of asset leased. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments, variable lease payments dependent on an index or rate (measured initially using the index or rate at the commencement date), amounts expected to be payable under a residual value guarantee, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments for penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments due to a change in an index or rate when the Group's estimate of the amount payable under a residual value guarantee changes, when the Group changes its assessment of whether it will exercise a purchase, extension, or termination option, or when there is a revision of in-substance fixed lease payments. When the lease liability is remeasured, a corresponding adjustment is made to the ROU asset. If the carrying amount of the ROU asset has been reduced to zero, the adjustment is recognized in profit or loss. The Group presents ROU assets (that do not meet the definition of investment property) under Property, Plant, and Equipment and lease liabilities under Loans and Borrowings in the statement of financial position.

(ii) As a Lessor

At inception or on modification of a contract containing a lease component, the Group allocates the consideration to each lease component based on their relative stand-alone prices. The Group classifies each lease as either a finance lease or an operating lease based on an assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Indicators of a finance lease include but are not limited to, whether the lease covers the major part of the asset's economic life. If the lease does not transfer substantially all the risks and rewards incidental to ownership, it is classified as an operating lease.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. The Group regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. Lease payments received under

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operating leases are recognized as income on a straight-line basis over the lease term and are included in Other Income.

The Group leases land for CNG projects and buildings for office and residence facilities. The leases run for a duration between 3 to 10 years. The three lease contracts for building are renewable each year while one lease contract for land is for a duration of 10 years. These leases are recognized and presented in the balance sheet as Right-of-use (ROU) assets and liabilities; depreciation and interest expenses are recognized on the statement of profit or loss. During the year, there was a modification of a lease asset/liability, recognition of a lease asset/liability and derecognising of a lease asset/liability. The Right-of-use asset represents a lessee's right to use a leased asset over the duration of an agreed lease term, while the lease liability is the financial obligation to make the payment arising from a lease.

During the year, there was an additional lease contract, one lease contract was terminated leading to derecognition but also there was a revised contract leading to lease modification. Information about a lease for which the company is a lessee is presented below.

A) Right-to-use (ROU) asset Group and Corporation:

	2023/24 TZS 'm	2022/23 TZS 'm
Land	1,591	1,829
Building	<u>2,225</u>	<u>1,804</u>
	<u>3,816</u>	<u>3,633</u>
At start of year	3,633	-
Addition during the year	211	4,175
Depreciation	(547)	(542)
De recognition of asset	(118)	-
Impact of modification	637	-
Closing balance	<u>3,816</u>	<u>3,633</u>
Cost	4,577	4,175
Accumulated depreciation	<u>(761)</u>	<u>(542)</u>
Closing balance	<u>3,816</u>	<u>3,633</u>

	Land TZS 'm	Buildings TZS 'm	Total TZS 'm
Opening balance as at July 2023	1,829	1,804	3,633
Additions	-	211	211
Modifications	-	637	637
De recognitions	-	(118)	(118)
Depreciation	(238)	(309)	(547)

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	Land TZS 'm	Buildings TZS 'm	Total TZS 'm
Closing balance as at June 2024	1,591	2,260	3,816
Opening balance as at July 2022			Total
Additions	-	-	-
Modifications	2,032	2,143	4,175
De-recognitions			-
Depreciation	(203)	(339)	(542)
Closing balance as at June 2023	1,829	1,804	3,633

**B) Lease liability
Group and Corporation:**

	2023/24 TZS 'm	2022/23 TZS 'm
At start of year	3,826	-
Addition during the year	211	4,175
Impact of lease modification	416	-
Interest	376	385
Lease payment (Interest)	(376)	(385)
Lease payment (principal)	(624)	(334)
Forex gain/loss	(49)	(16)
De-recognition of Lease	(152)	-
Closing balance	3,628	3,825

**Current portion of lease liability
Non-Current portion of lease liability
Closing balance**

1,001	719
2,627	3,106
3,628	3,825

Amount recognised in profit and loss.

Depreciation	547	542
Interest on lease liability	376	385
Total to be expensed	923	927

Amount to be recognised in statement of cash flow

Payment of interest	376	385
Payment of principal	248	334
Total lease paid	624	719

12. ESCROW FUNDS

The Corporation is an end user of a loan awarded to the Government of Tanzania ("GOT"/Borrower) by the Export-Import Bank of China (Lender). The GOT and the Export-Import Bank of China entered into a preferential buyer credit loan agreement and the buyer credit loan agreement in 2012, with a total amount of USD 920 million and USD 275 million,

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respectively. The funds were on-lent to TPDC (“End-User”) to fund part of the cost of construction of Tanzania’s natural gas processing plants and pipelines.

In accordance with the terms of the loan agreements, three escrow accounts were opened and governed by the Escrow Accounts Management Agreement between Exim Bank of China, the Ministry of Finance, TPDC (End User) and a commercial bank (Escrow Bank”). The escrow accounts were opened to secure repayment of principal and payment of interest and fees under the loan agreements.

The escrow funds represent amounts deposited into the escrow accounts.

The balance of USD 60,320,710 (TZS 140 billion) as at 30 June 2024 (2022: USD 60,320,710 (TZS 138 billion) consists of USD 58,866,942 and USD 1,473,574 deposited by the Ministry of Finance on behalf of the Government of United Republic of Tanzania and TPDC respectively. The deposited funds are classified under non-current assets since they are not available for meeting immediate short-term Group’s and Corporation’s financial obligations during the entire period of the loan.

The total deposits into the escrow accounts as at the reporting period are shown below;

Group and Corporation:	2023/24	2022/23
	TZS 'm	TZS 'm
Opening balance	140,398	138,991
Foreign exchange gain	18,060	1,407
Escrow funds	<u>158,458</u>	<u>140,398</u>

The movement of TZS 18,060 million during the year was caused by the revaluation of foreign currency at the end of the year.

13. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the Weighted Average Cost method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Any obsolete items are provided for in full in the year they are detected. Condensate is measured at net realisable value.

	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Consumables	18,421	15,947	430	619
Condensate	2,614	632	2,614	632
Petroleum (Petrol & Diesel)*	8,432	9,982	-	-
	<u>29,467</u>	<u>26,561</u>	<u>3,044</u>	<u>1,251</u>

*No inventory item was reduced as a result of writing down to net realizable value as an assigned cost at the reporting date was lower than the expected market value. Inventory

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amounting to TZS 331 billion was charged as an expense in the profit or loss during the year (2023: TZS 1,13 trillion). No reversals of the inventory during the reporting period.

14. TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

	Group		Company	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Trade receivables:				
- Other customers	179,085	185,217	139,072	143,542
- Related parties (Note 34)	1,184,750	761,900	1,206,095	784,447
Less: Loss Allowance	(118,916)	(57,424)	(105,128)	(39,425)
Net trade receivables	1,244,919	889,693	1,240,039	888,564
Prepayments**	65,161	65,244	63,447	65,003
Due from the government (Note 34)	189,671	14	221,350	24,626
VAT receivable	6,093	4,757	-	-
Current income tax receivable	53	-	-	-
Staff receivables	390	982	359	800
Other receivables	11,829	8,953	2,156	206
Oil business trade receivables	15,069	14,170	15,068	14,170
Less: Loss Allowance - others	(6,309)	(4,973)	(216)	(216)
	1,526,876	978,840	1,542,203	993,153

**The prepayments consist of USD 27.18 million advanced by TPDC to Maurel & Prom as an interim guarantee to secure gas purchases from the Mnazi Bay gas field. The Gas Sales Agreement (GSA) signed in Sept. 2014 between TPDC and Other Mnazi bay partners (Sellers) requires the buyer (TPDC) to provide payment security (guarantee) to secure gas purchases from the field Since the security could not be obtained timely, parties mutually agreed to allow for an interim arrangement where TPDC advanced a sum of USD 27.18 into M&P account in Aug. 2015. The guarantee shall be drawn by Sellers in case of buyer defaults in settling invoices within the due dates.

During the year TPDC recognised an additional receivable of TZS 189.66 billion in respect of the amount paid to EACOP as project cash call on behalf of the Government and the amount paid to the transaction advisor of the LNG project on behalf of the Government.

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The movement of Loss allowance is made of the following:

Group:	2023/24 TZS 'm	2022/23 TZS 'm
At start of year	57,424	44,837
Additional provision during the year	11,300	18,000
Release of prior year provision	(14,426)	(5,413)
Closing balance	118,916	57,424
Corporation:		
At start of year	39,425	44,837
Additional provision during the year	78,794	-
Release of prior year provision	(13,091)	(5,412)
Closing balance	105,128	39,425

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and cash at the bank. For the purpose of cash flows bank overdrafts that are repayable on demand form an integral part of the Group's and Corporation's cash management.

	Group		Corporation	
	2023/24 TZS 'm	2022/23 TZS 'm	2023/24 TZS 'm	2022/23 TZS 'm
Cash at bank	<u>233,396</u>	<u>220,569</u>	<u>218,121</u>	<u>212,269</u>
Cash at bank - TZS	114,503	125,112	102,476	118,147
Cash at bank - USD	<u>118,893</u>	<u>95,457</u>	<u>115,645</u>	<u>94,122</u>
Cash at bank	<u>233,396</u>	<u>220,569</u>	<u>218,121</u>	<u>212,269</u>

16. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12 Income Taxes.

Authorised:	2023/24 TZS'm	2022/23 TZS'm
2,500 ordinary shares of TZS 1,000,000 each	<u>2,500</u>	<u>2,500</u>
Issued and fully paid:		
2,208 ordinary shares of TZS 1,000,000 each	<u>2,208</u>	<u>2,208</u>

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17. CAPITAL AND RESERVES

(a) Equity contribution from the Government

The equity contribution from the Government as at 30 June 2024 represents net cash received from the Government of Tanzania as a capital contribution to the petroleum/gas projects for TPDC.

Group and Corporation:	Corporation	
	2023/24 TZS 'm	2022/23 TZS 'm
At start of the year	3,271,658	444,100
Loan Conversion to Equity	-	2,752,073
Addition during the year not paid (Note 34)	186,216	-
Amount received during the year	264,596	75,485
At end of the year	3,722,470	3,271,658

During the year, TPDC received TZS 264.6 billion from the Government in respect of EACOP investment. In addition, TPDC as a shareholder on behalf of the Government of Tanzania made a payment of TZS 186.22 billion to EACOP to honor a cash call that was due. TPDC's investment in ECOP is accounted as equity contribution from the Government.

(b) Revaluation reserve

Revaluation reserve represents surplus recognised from valuation of assets. Further details are disclosed under PPE Note 5. The next asset valuation exercise will be performed during the year 2024/25.

	Group		Corporation	
	2023/24 TZS 'm	2022/23 TZS 'm	2023/24 TZS 'm	2022/23 TZS 'm
At start of the year	452,042	452,042	452,614	452,614
Additions	-	-	-	-
At end of the year	452,042	452,042	452,614	452,614

18. INCOME TAX

a. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The current rate of corporate tax is 30%.

	Group		Corporation	
	2023/24 TZS 'm	2022/23 TZS 'm	2023/24 TZS 'm	2022/23 TZS 'm
Opening balance	8,260	5,720	8,332	5,720
Current year tax charge	57,909	31,477	56,867	31,400

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	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
Tax paid:	TZS 'm	TZS 'm	TZS 'm	TZS 'm
- WHT	(147)		(147)	
- Adjustments	(25)	29	1	-
- Ordinary tax payments	(23,332)	(10,402)	(22,406)	(10,224)
- Payments of Corporate tax				
PSA (PAET)	(20,172)	(18,564)	(20,172)	(18,564)
	<u>22,494</u>	<u>8,260</u>	<u>22,475</u>	<u>8,332</u>

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with the investments in associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred 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 tax authority on the same taxable entity.

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Deferred income tax asset

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The details of the deferred income tax are as follows;

Group	At start of year TZS 'm	Movement TZS 'm	Prior year under provision	At end of year TZS 'm
Year ended 30 June 2024				
Accelerated capital deductions	266,387	3,484	-	269,871
Tax loss carried forward	(126,113)	54,612	(114,018)	(185,519)
Provisions	(230,108)	7,631	120,244	(102,233)
Potential Deferred tax asset not recognised	<u>(89,834)</u>	<u>65,727</u>	<u>6,226</u>	<u>(17,881)</u>
Year ended 30 June 2023				
Accelerated capital deductions	143,958	122,429	-	266,387
Tax loss carried forward	(156,010)	29,897	-	(126,113)
Provisions	(229,570)	(538)	-	(230,108)
Potential Deferred tax asset not recognised	<u>(241,622)</u>	<u>151,788</u>	<u>-</u>	<u>(89,834)</u>
Corporation				
Year ended 30 June 2024				
Accelerated capital deductions	266,367	3,429	-	269,796
Tax loss carried forward	(128,078)	55,043	(95,393)	(168,428)
Provisions	(228,608)	6,766	101,793	(120,049)
Potential Deferred tax asset not recognised	<u>(90,319)</u>	<u>65,238</u>	<u>6,400</u>	<u>(18,681)</u>
Year ended 30 June 2023				
Accelerated capital deductions	143,959	122,408	-	266,367
Tax loss carried forward	(157,975)	29,897	-	(128,078)
Provisions	(229,494)	886	-	(228,608)
Potential Deferred tax asset not recognised	<u>(243,510)</u>	<u>153,191</u>	<u>-</u>	<u>(90,319)</u>

The Group and Corporation deferred tax asset has not been recognised following management assessment on likelihood of generating future taxable profits to offset the tax losses amounting to TZS 185 billion (Group) and TZS 168 billion (corporation) as at year end.

19. BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs on non-qualifying assets are expensed in the period they accrue.

The subsidiaries of the Group do not have any borrowings. The borrowings for the Group and Corporation are as follows; -

Group and Corporation	2023/24	2022/23
	TZS 'm	TZS 'm
Accrued Interest	630,192	630,192
Total	630,192	630,192

The loan balance is an accrued interest in respect of bank of China Exim loan for natural gas infrastructure construction which were on-lent by the Government to the Corporation as per On-lending Agreements signed in April 2013 between the Government and TPDC.

In September 2022, the Government made a decision to convert the loan to equity to enhance the Government's capital contribution to TPDC. The respective accounting entries to reclassify the principal portion of the loans to equity were passed after TPDC received official notification on the Government decision to convert the loan into equity.

Discussions on conversion of the accrued interest are on progress.

20. GOVERNMENT GRANT AND ASSISTANCE

Government grants received relating to the creation of non-current assets are included in non-current liabilities as deferred income and are credited to profit or loss in other income on a straight-line basis over the expected useful lives of the related assets.

Government grants in the form of non-monetary assets are accounted for at fair value and presented as deferred grants in the statement of financial position. The grant is credited to profit or loss in other income on a straight-line basis over the expected useful life of the asset.

Government grants which become receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in profit or loss within other operating income for the period in which they become receivable.

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Group and Corporation	Opening balance TZS 'm	Additions TZS 'm	Amortization TZS 'm	Closing balance TZS 'm
As at 30 June 2024				
Benjamin W. Mkapa Tower (i)	4,588	-	(134)	4,454
Ministry of Energy - World Bank (ii)	82	-	(82)	-
Likong'o (iii)	25,000	-	-	25,000
Government grant- EACOP	2,468	-	-	2,468
Government grant - land compensation	5,662	-	-	5,662
Furniture (iv)	194	-	(41)	153
Pipeline Mkuranga - Lindi (REA) - Grant	-	4,090	-	4,090
Forklift (iv)	102	-	-	102
	<u>38,096</u>	<u>4,090</u>	<u>(257)</u>	<u>41,929</u>
As at 30 June 2023				
Benjamin W. Mkapa Tower (i)	4,721	-	(133)	4,588
Ministry of Energy - World Bank (ii)	146	-	(64)	82
Likong'o (iii)	25,000	-	-	25,000
Government grant- EACOP	2,468	-	-	2,468
Government grant - land compensation	5,662	-	-	5,662
Furniture (iv)	220	-	(26)	194
Forklift (iv)	116	-	(14)	102
	<u>38,333</u>	<u>-</u>	<u>(237)</u>	<u>38,096</u>

Terms and conditions:

- (i) The grant relates to Benjamin William Mkapa Tower A (TPDC's head office) which was granted to TPDC in 2008 and 2009 by the government and is being amortised over the life of the building designated at 25 years.
- (ii) The grant was received from the World Bank through the Ministry of Energy. The World Bank through the Ministry of Energy granted Source Rock Analyser system, Petrol Reservoir engineering and eclipse software including computers. The grant aimed at building capacity in the energy sector.
- (iii) The grant relates to the land which was given to TPDC by the Ministry of Lands, Housing and Human Settlements Development in 2015 in the Likong'o area, Lindi. This area has been reserved for the LNG project. The amount is the fair value of the land as it was offered to TPDC at no cost.
- (iv) The Group received a forklift as a grant from Shell for use in exploration and development activities during the year ending 30 June 2020. Also, the group received Furniture from Equinor Tanzania AS for use in its routine activities during the year ended 30 June 2021.
- (v) The Group received a grant amounting to TZS 4,090 million from REA during the year ended 30th June 2024 for natural gas distribution projects in Mkuranga, Rufiji and Lindi Municipalities.

21. ASSET RETIREMENT OBLIGATIONS (ARO)

The Group has AROs primarily related to the Mnazi Bay gas field, Natural gas processing plants and gas pipeline. The full balance is non-current as decommissioning activities are not expected to occur within the next twelve months.

Provisions for ARO costs are recognised when the Group and Corporation have an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reliable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements.

Cost is estimated based on current regulations and technology, considering relevant risks and uncertainties. The discount rate used in the calculation of the ARO is a risk-free rate based on the applicable currency and time horizon of the underlying cash flows, adjusted for a credit premium which reflects the Group's own credit risk. Normally an obligation arises for a new facility, such as an oil and natural gas production or transportation facility, upon construction or installation.

An obligation may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations.

When a provision for ARO cost is recognised, a corresponding amount is recognised to increase the related property, plant and equipment and is subsequently depreciated as part of the costs of the facility or item of property, plant and equipment. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding property, plant and equipment.

When a decrease in the ARO provision related to a producing asset exceeds the carrying amount of the asset, the excess is recognised as a reduction of depreciation, amortisation and net impairment losses in profit or loss. When an asset has reached the end of its useful life, all subsequent changes to the ARO provision are recognised as they occur in operating expenses in the profit or loss.

During the year, TPDC increased its company's participation interest in the Mnazi Bay PSA from 20% to 40% which has led to the modification of ARO liability and asset in respect of natural gas property. The information below reconciles the value of the asset retirement obligation for the Mnazi Bay gas field and the Natural gas processing plants and pipeline:

Group and Corporation

	2023/24 TZS 'm	2022/23 TZS 'm
Opening balance	2,166	1,865
Additional provision	1,741	-
Additions accretion due to acquisition	1,777	-

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Group and Corporation	2023/24 TZS 'm	2022/23 TZS 'm
Accretion expense	473	301
	<u>6,157</u>	<u>2,166</u>
This relates to the following assets; -		
Mnazi Bay Gas field-ARO liability (ii)	5,396	1,504
Natural gas processing plants and pipelines-ARO liability	761	662
	<u>6,157</u>	<u>2,166</u>

22. CASH CALL COMMITMENTS

The balances as at year-end are shown below;

Group and corporation:

	2023/24 TZS 'm	2022/23 TZS 'm
Cash call commitments payable	<u>5,441</u>	<u>1,579</u>

Cash call commitments represent amounts payable to/ recoverable from other partners in the Mnazi Bay PSA in respect of the Corporation's 40% participating interest. The Group is liable to contribute 40% of all operation and development costs in Mnazi Bay PSA as a specified TPDC's participation interest of the whole contract expenses other than exploration expenses of joint operations in all development areas.

23. TRADE AND OTHER PAYABLES

	Group		Corporation	
	2023/24 TZS 'm	2022/23 TZS 'm	2023/24 TZS 'm	2022/23 TZS 'm
Due to related parties	274,439	38,249	281,081	62,594
Trade payable due to oil Business	7,772	33	-	33
Other trade payables	105,922	86,324	101,664	56,823
Accruals	24,194	24,844	24,194	24,844
VAT payables	4,716	4,129	4,716	4,129
Payroll liabilities	4,825	4,302	4,825	4,302
	<u>421,868</u>	<u>157,881</u>	<u>416,480</u>	<u>152,725</u>

**Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Trade payables are mainly attributed to Payable from related parties and other trade payable. Due from related parties make up a total of TZS 252.23 billion, Other Trade payable with a total of TZS 131 billion are made up of gas purchase and Oil Purchases from oil marketing business with a total of TZS 93 billion and TZS 24 billion respectively.

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24. OTHER INVESTMENTS

The Group and Corporation hold 150,000 shares of TZS 10,000 each in Agro EcoEnergy (T) Ltd, representing 5% of the total issued share capital in the Company. This private Agro industrial development Company was registered in 2007 under Tanzanian Company law. Agro EcoEnergy formed a special purpose project, Bagamoyo EcoEnergy Ltd, with the purpose of developing a modern sugar cane plantation and factory producing sugar, ethanol and power for the Tanzanian market. The project was later cancelled by the Government.

	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Equity security available for sale	1,500	1,500	1,500	1,500
Less: Accumulated impairment loss	(1,500)	(1,500)	(1,500)	(1,500)
Closing balance	-	-	-	-

25. REVENUE

Revenues from sales of natural gas is at a point in time when natural gas is delivered at the delivery point. This is at the end of each month when the meter readings have been done and co-signed by both parties (TPDC and customer), net of discount and taxes.

Natural gas protected gas and other merchandise.

Natural gas and protected gas revenues are recognised when control over the product is transferred to the customer, which is normally at the point of delivery of the gas, based on the contractual terms of the agreements. Meter readings are done to ascertain the quantity of gas sold. The consideration for the quantity of gas sold is based on the agreed gas prices.

PSA Revenue

Revenues from the production of gas in which the Group and Corporation share an interest with IECs are recognised based on the Group's and Corporation's share of volumes transported and sold to customers during the period. It comprises the cost gas and the profit gas revenue which is determined in accordance with the PSAs. The revenue is presented net of taxes and royalties.

Cost gas is the portion of revenue accruing to the licence partners as a manner of recovery for the cost incurred by the partner to reach to the production level. Profit gas is the residual profit accruing to TPDC and the partners after deductions of cost gas.

Upstream government shares are remitted to the government and downstream portion is retained by the Group and Corporation as per the Oil and Gas Revenue Management Act, 2015 and provision of respective PSAs. Net PSA revenue from Songo Songo and Mnazi Bay is arrived after deducting the adjustment factor as provided by the respective PSAs.

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Oil business revenue

Revenue from sales of oil and related products is recognized upon the satisfaction of performance obligations, which occurs when control transfers to the customer. Control of the products is determined to be transferred to the customer when the title of oil and related products passes to the customer, which typically takes place when the product is physically transferred into a vessel, pipe, or other delivery mechanism. Where applicable, the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
PSA revenue				
Sale of natural gas	93,076	69,872	93,076	69,872
Sale of protected gas	734,386	589,949	734,386	589,949
Sale of data	27,764	24,641	27,764	24,641
Sale of fuel (petrol & diesel)	237	508	237	508
Construction Revenue	337,174	1,061,608	149,848	786,881
Total	522	537	-	-
	<u>1,193,159</u>	<u>1,747,115</u>	<u>1,005,311</u>	<u>1,471,851</u>

26. COST OF SALES

	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Purchase of natural gas				
Purchase of Fuel (Petrol & Diesel)	463,924	378,676	463,924	378,676
Pipeline and plant maintenance	323,667	1,086,574	146,902	783,148
Depreciation of pipelines and plants	-	-	38,219	29,493
Depletion of natural resources	77,863	77,649	77,863	77,649
Construction	7,255	3,578	7,255	3,578
PSA expenses	413	484	-	-
	<u>9,713</u>	<u>7,156</u>	<u>9,713</u>	<u>6,846</u>
Total	<u>882,835</u>	<u>1,554,117</u>	<u>743,876</u>	<u>1,279,390</u>

27. OTHER INCOME

Other Income section of the TPDC financial statement details a diverse array of revenue streams the company accrues, which are distinct from its principal operations. These regular and occasional revenues underscore the multifaceted nature of TPDC's financial activities and illustrate how the company leverages various opportunities to ensure financial sustainability. The line items constituting this section are:

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Training Fees from PSA Contractors: fees collected from upstream contractors as stipulated in their PSA's contracts to support the development of local capabilities and technology transfer to the host country's oil and gas sector.

Licence Fees from PSA Contractors: Fees collected from PSA contractors in return for the issuance of required operational licenses or permits.

Sale of Condensate: The revenue generated from selling condensate is a valuable by-product of the natural gas extraction process.

Government Revenue Grant: These are financial grants received from the Government to subsidize TPDC's operations.

Interest Income: This consists of interest charged to OMCs for late settlement of their due invoices.

Rent from Petrol Stations: Income derived from leasing TPDC's petrol stations plots to third parties.

House Rent: Rent charged to TPDC's staff residing in the corporation houses.

Miscellaneous Income: An aggregate of various minor or non-recurring revenue streams.

Secondment Fees: Salary costs are charged to EACOP Ltd for TPDC's staff who are seconded to the project.

Land Lease: This line item represents revenue from leasing land owned by TPDC to EACOP Ltd.

Tender Fees: Income from fees related to the tendering process or associated services.

Tariffs: This income is derived from the charges imposed on PAET for using the Ubungo to Mikocheni distribution pipeline owned by TPDC to deliver natural gas to its customers.

Amortization of Capital Grants: Recognized income as certain capital grants are amortized over the respective asset's useful lifespan.

Gain or Loss on Asset Disposal: This captures the financial impact, either as profit or loss, from the sale or disposal of TPDC's assets.

Foreign Exchange (gain)/loss: This line item represents gain from foreign currency revaluation.

*****Miscellaneous income** of TZS 2.48 billion consists of reimbursement of historical cost in respect of EACOP project of TZS 801.29 million, Fees charged to EACOP for Coordination services amounting to TZS 1.16 billion.

****Income recognised** after acquiring an additional 20% participation interest in Mnazi Bay amounts to TZS 23.5 billion.

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	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Training fees from contractors				
Licence fees from contractors	2,680	1,841	2,680	1,841
Sale of condensate	1,054	755	1,054	755
Government revenue grant	3,423	4,118	3,423	4,118
Interest income	20,840	17,732	12,618	17,732
Rent from petrol stations	734	611	848	611
House rent	21	9	21	9
Miscellaneous income***	7	65	7	65
Secondment fees	1,903	5,624	1,903	2,936
Land lease	2,476	2,493	2,476	2,493
Tender fees	6,899	670	6,899	670
Tariffs	-	1	-	1
Amortization of capital grants	1,894	1,441	1,894	1,441
Foreign exchange (gain)/loss	257	237	257	237
Refunds from third parties	157,775	1,928	160,417	6,007
Wentworth Acquisition**	571	6,240	-	-
	<u>23,500</u>	<u>-</u>	<u>23,500</u>	<u>-</u>
	<u>224,034</u>	<u>43,765</u>	<u>217,997</u>	<u>38,916</u>

*The Corporation invoice its customers on sale of natural gas and petroleum products in USD. According to BoT monthly economic reviews, Tanzanian Shilling (TZS) depreciated by 11.6% against USD (TZS 2,328/USD compared to TZS 2,600/USD on June 30, 2024). During the year, the Corporation had total revenue of USD 406 million resulting to realised foreign exchange gain amounting to TZS 85,508 million. The Corporation also had a closing receivable balance of USD 477 million that resulted to unrealised foreign exchange gain of TZS 74,909 when translated using a June 2024 closing exchange rate.

28. ADMINISTRATIVE EXPENSES

	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Staff costs (Note 29)				
Depreciation (Note 30)	48,166	28,227	21,118	19,710
Legal expenses	3,509	2,933	3,067	2,603
Transport and travel expenses	-	4	-	-
Audit fees	14,160	11,972	12,267	7,496
Insurance	682	887	682	887
Bank charges and commission	2,691	3,218	2,671	3,214
Directors' fees	352	1,668	311	1,623
Foreign exchange (gain)/loss	194	-	94	-
Tax assessment***	-	-	-	-
Project facilitation cost***	5,310	583	5,310	582
Other expenses ***	17,135	19,628	16,917	19,628
	<u>12,531</u>	<u>13,046</u>	<u>11,514</u>	<u>5,215</u>

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	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Amortisation of intangible Exhibitions & Awareness	183	702	94	614
Corporate social responsibility	1,055	1,218	1,055	1,073
Repair & Maintenance	1,142	191	1,019	191
Land rent & levies	4,863	1,209	856	808
Training expenses	1,538	2,282	1,163	2,089
Consumables & Others	5,390	5,836	3,281	3,285
Outsourced goods & services***	1,639	3,910	819	576
Oil trading expenses	27,123	11,994	15,977	2,947
Gain/Loss on disposal of fuel	3,968	26,409	-	-
BPS Operating expenses	3,991	-	-	-
Impairment on Intangible Assets	1,478	732	1,478	732
	13,090		13,090	
	170,191	136,649	112,783	73,273

***Project facilitation costs are costs incurred in facilitating strategic projects such as EACOP projects, LNG projects, and other development projects whose current costs are not capital in nature. Other expenses include operating expenses such as electricity, water, funeral costs, and expenses not in a specific group as above.

An increase of TZS 4.8 billion in tax expenses has been attributed to capital gain tax due to the acquisition of Wentworth shares and tax assessment expenses with respect to tax audits. Outsourced goods and services consist of all expenses incurred while outsourcing services from suppliers such as security, consultancy, cleaning, and other services. The increase of TZS 23.72 billion in operating expenses has been primarily attributed to consultancy services for acquiring Wentworth shares amounting to TZS. 10.02 billion (Winding down costs), change in incentive scheme, and other operation and maintenance costs with respect to natural gas infrastructure have led group operating expenses to increase by 14% from TZS 134 billion to TZS 158 billion.

29. STAFF COST

The Group and Corporation pay mandatory contributions to a publicly administered pension plan that qualifies as a defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into 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 employee service in the current and prior periods.

The Group portion of contributions is recognized as an employee benefit expense in profit or loss during which employees render related services. The Group's employees are members of the Public Service Social Security Fund (PSSSF), a defined contribution plan. The Group and employees contribute 20% of the employees' gross salaries to the pension funds.

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	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Salaries and wages	15,071	11,721	6,849	11,721
Pension	751	1,423	341	1,423
Other staff costs***	32,344	15,083	13,928	6,566
	<u>48,166</u>	<u>28,227</u>	<u>21,118</u>	<u>19,710</u>

*** Other staff costs include gratuity for contract staff, staff allowances, overtime, recruiting costs, and other staff entitlements.

30. DEPRECIATION

The depreciation charge for property, plant and equipment is made up of;

	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Depreciation charge	81,372	80,582	80,930	80,252
The depreciation charge is classified as:				
Cost of sales	77,863	77,649	77,863	77,649
Operating expenses	3,509	2,933	3,067	2,603
Total depreciation charge	<u>81,372</u>	<u>80,582</u>	<u>80,930</u>	<u>80,252</u>

31. FINANCE COST

Finance cost comprises interest expenses on asset retirement obligation liability interest charge and interest expense on applying IFRS 16 on accounting of lease liability.

	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Interest expense on borrowings	-	208	-	208
Lease liability interest	376	385	376	385
ARO accretion	473	301	473	301
Other interest	22	120	-	-
	<u>871</u>	<u>1,014</u>	<u>849</u>	<u>894</u>

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32. INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income, respectively.

In determining the current and deferred tax amount, the Group considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

	Group		Corporation	
	2023/24 TZS 'm	2022/23 TZS 'm	2023/24 TZS 'm	2022/23 TZS 'm
Current tax - current period	<u>57,909</u>	<u>31,477</u>	<u>56,867</u>	<u>31,400</u>

The tax on the Corporation's result before tax differs from the amount that would arise using the basic tax rate as follows:

	2023/24 TZS 'm	2022/23 TZS 'm	2023/24 TZS 'm	2022/23 TZS 'm
Profit before tax	<u>306,657</u>	<u>78,725</u>	<u>306,284</u>	<u>159,592</u>
Tax calculated at a tax rate of 30%	<u>91,997</u>	<u>23,618</u>	<u>91,885</u>	<u>47,878</u>
Expenditure permanently disallowed	5,241	3,233	3,648	3,263
Deferred income tax asset not recognised.	(65,727)	(13,938)	(65,238)	(38,305)
Under provision of prior year deferred income tax	6,226	-	6,400	-
Corporate tax from Pan African Energy Tanzania (PAET)	<u>20,172</u>	<u>18,564</u>	<u>20,172</u>	<u>18,564</u>
	<u>57,909</u>	<u>31,477</u>	<u>56,867</u>	<u>31,400</u>

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33. CASH GENERATED FROM OPERATING ACTIVITIES

DIRECT METHOD

	Note	Group		Corporation	
		2023/24 TZS 'm	2022/23 TZS 'm	2023/24 TZS 'm	2022/23 TZS 'm
Operating activities					
Cash collected from customers		938,140	1,862,315	745,631	1,547,533
Government revenue grant	27	17,400	17,732	9,177	17,732
Cash paid to suppliers		(639,940)	(1,847,225)	(432,515)	(1,463,447)
Staff cost	29	(48,166)	(28,227)	(21,118)	(19,710)
Pipeline and plants O&M	26	-	-	(38,219)	(29,493)
PSA operation cost	26	(9,713)	(6,846)	(9,713)	(6,846)
Cash generated from operations		257,722	(2,251)	253,243	45,769

34. RELATED PARTY TRANSACTIONS

The Corporation is wholly owned by the Government of the United Republic of Tanzania through the Treasury Registrar. Therefore, the Government of the United Republic of Tanzania is the ultimate holding entity.

Related parties in the books of TPDC include subsidiaries, associates and government agencies (including national departments/Ministries, public entities and local government municipalities). TPDC's transactions with the local Government offices and Government Executive Agencies are not individually significant compared to the total value of the transactions between TPDC and other government-related parties and are therefore not disclosed separately. These include, among others, transactions as a result of services received from government hospitals and utility companies.

Related parties also comprise key management personnel of TPDC or its shareholders and close family members of these associated parties. Key management personnel constitute the members of the Board of Directors, Managing Director, Heads of Directorates and Departments.

	Group		Corporation	
	2023/24 TZS 'm	2022/23 TZS 'm	2023/24 TZS 'm	2022/23 TZS 'm
i. Sales of goods and services				
Associate - SONGAS Limited	27,558	24,641	27,558	24,641
Government entity - TANESCO	626,403	509,039	626,403	509,039
TANOIL - (BPS Fuel)	-	-	-	34,910
	653,961	533,680	653,961	568,590
ii. Purchases of goods and services				
GASCO - (Operation and maintenance)	-	-	39,405	29,183

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	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Other				
Government - Interest incurred on on-lent borrowings	-	-	-	-
TIB borrowing - Interest incurred	-	-	-	-
Associate - Dividend received	(2,926)	3,146	(2,926)	3,146
Dividend payment	5,845	2,700	5,845	2,700
Capital Contribution	-	-	-	22,584
	<u>2,918</u>	<u>5,846</u>	<u>2,919</u>	<u>28,430</u>

iii. Outstanding balances (due from related parties)

	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Receivables and amounts owed by related parties				
Associate - SONGAS Limited	87,170	55,082	87,170	55,082
Subsidiary - (GASCO)	-	-	31,599	24,612
Subsidiary - (TANOIL)	-	-	21,534	22,547
Government entity - TANESCO	994,811	706,832	994,811	706,832
Government entity - (EACOP & LNG)	189,657	-	189,657	-
	<u>1,271,639</u>	<u>761,914</u>	<u>1,324,772</u>	<u>809,073</u>

iv. Outstanding balances (due to related parties) Payables and amounts owed to related parties

Amounts payable to a subsidiary - TANOIL	-	-	5,142	5,000
Amounts payable to a subsidiary - GASCO	-	-	1,500	1,500
Royalty and Profit gas payable to the Government	<u>269,407</u>	<u>56,094</u>	<u>269,407</u>	<u>56,094</u>

Borrowings

TIB Loan	<u>269,407</u>	<u>56,094</u>	<u>276,049</u>	<u>62,594</u>
Government on-lent borrowings	-	-	-	-
	<u>630,192</u>	<u>630,192</u>	<u>630,192</u>	<u>630,192</u>
	<u>899,598</u>	<u>686,285</u>	<u>906,240</u>	<u>692,786</u>

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v. Loans receivable

During the year, the corporation issued a loan of USD 16.67 million to its Subsidiary, TANOIL Investment Limited, to enable the purchase of oil cargo from suppliers. Interest was accrued from the disbursement date by applying the most recent treasury bill rate published by the Bank of Tanzania (BOT), which is 3.96% (published in June 2023). The tenure of the loan was agreed to 3 months.

Loans receivable	Group		Corporation	
	2024	2023	2024	2023
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Beginning of the year	-	-	-	-
Loans advanced	-	-	40,740	-
Loan repayments received	-	-	(34,095)	-
Interest charged	-	-	848	-
Interest received	-	-	(848)	-
Foreign exchange loss	-	-	1,444	-
Balance as at year end	-	-	8,090	-

For loans receivable from other related parties, the impact of ECL is minimal since there is no history of default, and no event of default is expected to occur in the future.

vi. Directors and key management personnel remuneration.

Group	Salary and post-retirement benefits		Fees and Sitting allowances		Social security benefits	
	2024	2023	2024	2023	2024	2023
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Key management	2,380	2,390	1,582	971	71	70
Directors	-	-	194	85	-	-
Total	2,380	2,390	1,776	1,056	71	70
Corporation						
Key management	900	971	809	589	35	35
Directors	-	-	94	85	-	-
Total	900	971	903	674	35	35

35. CAPITAL COMMITMENTS

As of 30 June 2024, the group was committed to TZS 242 billion to implement various development projects and related activities.

36. CONTINGENCIES - ASSETS AND LIABILITIES

The following are contingent liabilities concerning Group and Corporation affairs for the year ended 30 June 2024;

(i) Tax related matters

As of year-end 30 June 2024, the Group had tax dispute with the Tanzania Revenue Authority (TRA) as follows:

Value-added tax and penalties

Tanzania Revenue Authority (TRA) issued final assessments for financial years 2022/23 on 28 June 2024 for disallowable input VAT from various expenses, including repairs and maintenance, accommodation, food and maintenance, amounting to TZS 757 million.

However, management had already deposited the sum of TZS 128 million for previous objections to be admitted to the commissioner of large taxpayers on 1 August 2024.

Pay As You Earn, Skills Development levy and penalties

Tanzania Revenue Authority (TRA) issued final assessments for PAYE on 28 June 2024, amounting to TZS 3.46 billion for the financial year 2022-2023.

Further, Management has ongoing PAYE tax disputes relating years of incomes from 2011 to 2014 amounting to TZS 796 million, years of income from 2018 to 2019 amounting to TZS 168 million and years of income 2020 to 2022 amounting to TZS 154 million.

Management has deposited TZS 675 million for objections of 2022/23 to be admitted in respect of its PAYE assessments.

Tanzania Revenue Authority (TRA) issued final assessments for SDL on 28 June 2024 amounting to TZS 1 billion. Management has also deposited TZS 197 million for objections to the 2022-2023 assessment to be admitted with respect to SDL.

The Corporation remains cautiously confident that its case is valid and bona fide despite TRA's Assessments and continues to defend it with expert advice.

37. SUBSEQUENT EVENTS

There were no subsequent events with material impact on the group.

38. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk, fair value interest rate risk, and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's profit or loss. Risk management is carried out by management on behalf of the Board of Directors.

(a) Market risk

(i) Foreign currency exchange risk

The Group earns income and incurs some of its expenses in United States dollars. Furthermore, the Group has borrowings denominated in United States dollars from two banks. Foreign exchange risk arises from commercial transactions and recognized assets and liabilities.

On 30 June 2024, if the functional currency had strengthened/weakened by 5% against the US dollar with all other variables held constant, post-tax loss for the year would have been;

Group:

TZS 24,863 million (2023: TZS 15,071 million) lower/higher, mainly due to the translation of US dollar-denominated current assets and borrowings.

Corporation:

TZS 25,602 million (2023: TZS 15,071 million) lower/higher, mainly due to translating US dollar-denominated current assets and borrowings.

(i) Price risk

The Group is exposed to price risk due to fluctuations in the prices of petroleum products in the global market and spare parts for natural gas infrastructure.

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rates, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at a fixed rate were denominated in the US dollar.

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If interest rates on US dollar-denominated borrowings had been 10% higher/lower at 30 June 2024 with all other variables held constant, the post-tax profit/loss for the year would have been TZS 0 (2023: TZS 0) since the group had no outstanding loan as of 30 June 2024.

b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

Exposure:

The amount that represents the Group's and Corporation's exposure to credit risk as of 30 June is made up as follows:

	Group 2023/24 TZS 'm	2022/23 TZS 'm	Corporation 2023/24 TZS 'm	2022/23 TZS 'm
Cash at bank	233,396	220,569	218,121	212,269
Trade receivables	1,505,832	911,999	1,498,889	902,748
Loan receivable	-	-	8,090	-
Other receivables (excl. prepayments and VAT)	5,910	1,597	2,299	790
	<u>1,745,138</u>	<u>1,134,165</u>	<u>1,727,399</u>	<u>1,115,807</u>

Risk Management:

The Group has policies in place to ensure that the exposure to credit risk is monitored continuously. The Group's and Corporation's risk management policies are established to identify and analyse the risks faced by the Group and Corporation, to set appropriate risk limits and controls, and to monitor adherence to risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group and Corporation, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Credit limits are set out in PSAs and GSAs with customers. Further, Management performs regular balance reconciliations and follows up on outstanding balances.

Impairment of financial assets:

The Group financial assets are measured at amortised cost and are subject to a credit loss model. The Group has two types of financial assets that are subject to IFRS 9 impairment requirements (expected credit losses):

- Trade and other receivables (excluding prepayments and statutory receivables); and
- Cash at the bank.

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Trade and other receivables:

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has, therefore, concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the trade receivables.

The expected loss rates are based on the payment profiles of sales over 36 months before 30 June 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables based on the country's economy and tourism trends in the foreseeable future.

On that basis, the loss allowance as of 30 June 2024 was determined as follows for trade receivables.

A. Group

Ageing / Details

	Outstanding balance TZS 'm	Loss allowance rate	Loss allowance TZS 'm
Current	83,972.83	10.63%	8,927.38
From 1 to 30 days	8,839.62	6.62%	585.34
From 31 to 90 days	11,643.71	12.76%	1,485.77
From 91 to 180 days	367.99	17.10%	62.92
From 180 days	38,965.23	81.78%	31,865.23
Default category	-	-	-
Specific customers*	16,377.78	100%	16,377
Government entities	1,127,478	5.85%	65,921
Total	1,287,645		125,225

*Specific customers relate to TANOIL's long outstanding debts.

B. Corporate

Ageing / Details

	Outstanding balance TZS 'm	Loss allowance rate	Loss allowance TZS 'm
Current	83,973	10.63%	8,927
From 1 to 30 days	8,840	6.62%	585
From 31 to 90 days	11,644	12.76%	1,486
From 91 to 180 days	368	17.10%	63
From 180 days	28,624	100%	28,624
Default category	-	-	-
Specific customers*	-	100%	-
Government entities	1,109,341	5.92%	65,659
Total	1,242,790		105,344

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Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include, amongst others, the customer's failure to meet the agreed monthly purchase targets and severe financial difficulties. This assessment is performed on a case-by-case basis.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group TZS 'm	Corporation TZS 'm
Balance at 1 July 2022	44,837	44,837
Utilization during the year	-	-
Impairment loss recognized during the year	18,000	-
Reversal of impairment loss	(5,412)	(5,412)
Balance at 30 June 2023	57,424	39,425
Balance at 1 July 2023	57,424	39,425
Impairment loss recognized during the year	11,300	11,301
Reversal of impairment loss	(4,213)	-
Balance at 30 June 2024	64,512	50,725
<u>Bank balances</u>		

There is no independent credit rating for banks operating in Tanzania. However, the Group banks with reputable local banks. In management's view, the risk of non-performance by the counterparties is highly unlikely and not significant. The balance held at the bank by type of counterparty as at 30 June was as follows;

	Group 2023/24 TZS 'm	2022/23 TZS 'm	Corporation 2023/24 TZS 'm	2022/23 TZS 'm
CRDB Bank	14,393	5,415	5,210	3,211
Citibank	1,318	2,387	1,318	2,387
NMB Bank	11,539	5,888	6,486	1,957
STANBIC Bank	57	11	-	-
NBC	983	2,154	-	-
Bank of Tanzania	205,106	204,713	205,106	204,713
	233,396	220,569	218,121	212,269
c) Liquidity risk				

Liquidity risk is the risk that the Group and Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due,

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under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and Corporation's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and funding availability through active cash flow monitoring.

The table below analyses the Group's and Corporation's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

Group	Carrying amount	Contractual cash flows	Up to and Less than 1 year	Between 1 and up to 2 years	Between 2 and up to 5 years	Over 5 years
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Non-derivative financial liabilities						
At 30 June 2024						
Borrowings	630,192	630,192	630,192			
Lease liability	3,628	3,628	1,001	2,001	626	-
Trade and other Payables*	418,467	418,467	418,467			
	1,052,476	1,053,476	1,050,849	2,001	626	-
At 30 June 2023						
Borrowings	630,192	630,192	630,192			
Lease	3,825	3,826	719	1,439	1,667	-
Trade and other payables*	157,882	157,882	157,882			
	791,899	791,899	788,793	1,439	1,667	-
*Excludes statutory liabilities as they do not form part of financial liabilities.						

Corporation

	Carrying amount	Contractual cash flows	Up to and Less than 1 year	Between 1 and up to 2 years	Between 2 and up to 5 years	Over 5 years
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Non-derivative financial liabilities						
At 30 June 2024						
Borrowings	630,192	630,192	630,192			
Lease liability	3,628	3,628	1,001	2,001	626	-
Trade and other payables*	414,269	414,269	414,269			
	1,048,088	1,048,088	1,045,461	2,001	626	-
At 30 June 2023						
Borrowings	630,192	630,192	630,192			
Lease	3,826	3,826	719	1,439	1,667	-
Trade and other payables*	152,725	152,725	152,725			
	786,742	786,742	786,636	1,439	1,667	-

Controller and Auditor General

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Net debt reconciliation

	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cash and cash equivalents (Note 15)	233,396	220,569	218,121	212,269
Borrowings (Note 19)	630,192	630,192	630,192	630,192
Lease liabilities (Note 11)	3,628	3,826	3,628	3,826
Net Debt	(393,168)	(405,797)	(408,443)	(414,097)

d) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital consistent with others in the industry.

The gearing ratio is calculated as net external borrowings divided by total capital. Net external borrowings are calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net external borrowings. The gearing ratios at 30 June 2024 and 30 June 2023 were as follows:

	Group		Corporation	
	2023/24	2022/23	2023/24	2022/23
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Total borrowings (Note 19)	630,192	630,192	630,192	630,192
Less: cash and cash equivalents (Note 15)	(233,396)	(220,569)	(218,121)	(212,269)
Net debt	396,782	409,623	412,071	417,922
Total equity	(3,967,055)	(3,224,326)	(4,057,044)	(3,313,649)
Total capital	(3,570,273)	(2,814,703)	(3,644,973)	(2,895,727)
Gearing ratio	(11%)	(15%)	(11%)	(14%)