



Delivering Projects that Matter in Africa

ANNUAL REPORT AND ACCOUNTS 2021



“We are unequivocally an “AND” company. We are seeking to deliver strong performance, both for the short AND long-term, across multiple fronts. We are pursuing growth opportunities in both the hydrocarbon AND renewable energy areas. This approach permeates our entire business and how we have built, and will continue to build, our corporate infrastructure.”

Andrew Knott
Chief Executive Officer

L-R: Chidiadi Mgbemena, Treasury Coordinator, Ifeanyi Onyekwelu, Treasury Accountant, Hammed Onikola, Financial Reporting Accountant, Ayotunde Oludemi, Assistant Financial Controller, Chinatu Egembah, Graduate Intern, Akeem Lukan, Accounts Payable Accountant, Savannah Nigeria office



L-R: Rania Harouna, Contracts & Procurement Assistant, Soraya Moulaye, Head of Human Resources & Administration, Annou Garba Mahamane, Head of Supply Chain and Silimane Aghali, Chief Accountant Finance, Savannah Niger office

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Cover: Deborah Ekpa, Graduate Intern, Uquo Central Processing Facility, Nigeria, Artist's impression of the Parc Eolien de la Tarka, Artist's impression of the Centrale Solaire de Komé, L-R: Emmanuel Ukpong, Graduate Intern, Peter Bassey, Mechanic Technician, City Gate, Nigeria

About this report: This report assumes that Savannah Energy PLC ("Savannah" or the "Company") will acquire the entire upstream and midstream interests in the Doba oil project located in Chad and the Chad-Cameroon Export Transportation System currently held by ExxonMobil Corporation and PETRONAS (E&P) Overseas Ventures SDN. BDH, on the terms set out in Savannah's AIM Admission Document dated 30 December 2021. Unless otherwise defined, capitalised terms are as per the Company's December 2021 Admission Document which is available to download from the Company's website at www.savannah-energy.com.



Delivering *Projects that MATTER* in Africa



Our purpose

We seek to deliver projects in Africa which make meaningful positive socio-economic contributions to our host countries.



Our vision

Our vision is to create a best-in-class African-focused energy company delivering *Projects that Matter* that we and our stakeholders are proud of.



Our stakeholders

- Our people
- Our host countries and communities
- Governments, local authorities and regulators
- Our shareholders and lenders
- Our customers, suppliers and partners



Our strategy

1. Deliver value safely and sustainably
2. Optimise existing portfolio performance
3. Deliver organic growth
4. Deliver value accretive inorganic growth
5. Provide cash returns to shareholders

[» Read more](#) about our strategy on page 28

Our “SEE-IT” values



Sustainability
We seek to deliver sustainable value for our stakeholders.



Excellence
We strive to be the best at what we do, and we ensure that appropriate resources are in place to enable delivery.



Entrepreneurialism
We strive to act in a nimble fashion and prioritise being able to move quickly to take advantage of opportunities which arise in our business.



Integrity
We value and expect effort, hard work, loyalty and commitment.



Teamwork
We believe that we accomplish much, much more when our people work together across functions and office locations.

[» Read more](#) about our people on page 30



INVESTING in Africa



What we do

We seek to realise sustainable economic value for our stakeholders through the successful delivery of **Projects that Matter** in Africa.

2021 Total Revenues^(a)

US\$230.5m

Total Group assets

US\$1.3bn

Remaining life-of-contract revenues^(b)

US\$4bn

Weighted average remaining contract life

16 years

End 2021 2P/2C reserve and resource life

29.6 years

End 2021 net 2P reserves and net 2C resources

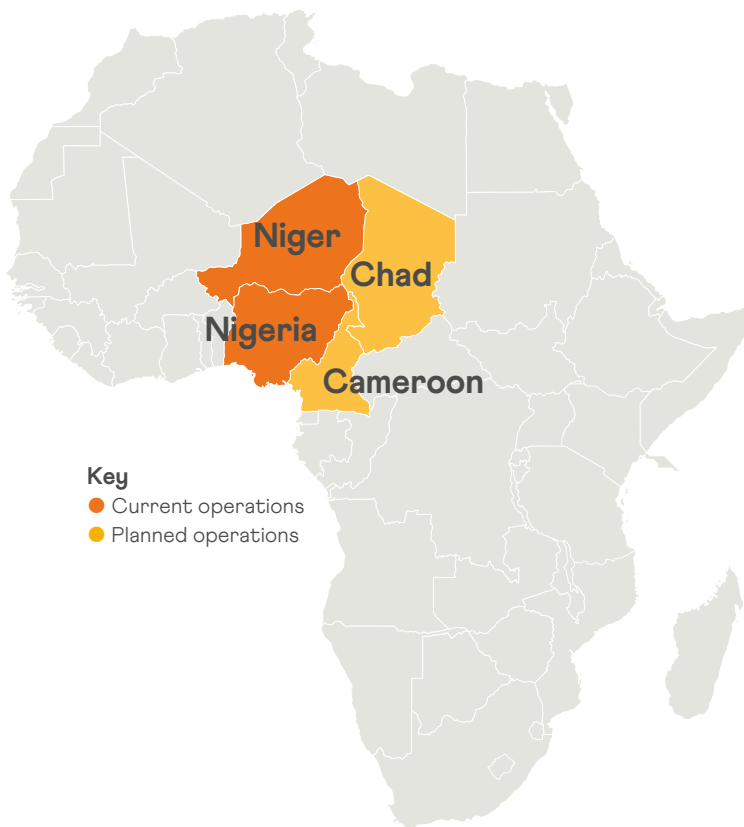
171.0 MMboe

Scale of renewable energy projects signed to date

Up to 750 MW

End 2021 Group employees

230



Key

- Current operations
- Planned operations



Crude and condensate export tanks, Uquo Central Processing Facility, Nigeria

Nigeria

- Significant controlling interest in a large-scale integrated gas production and distribution business supplying gas to enable over 10% of Nigeria’s thermal power generation comprising:
 - 80% interest in the Uquo gas field
 - 80% ownership of the Accugas midstream business comprising the 200 MMscf/d nameplate capacity Uquo Central Processing Facility and a c. 260km gas pipeline network with c. 600 MMscf/d capacity
- 51% interest in the Stubb Creek oil and gas field

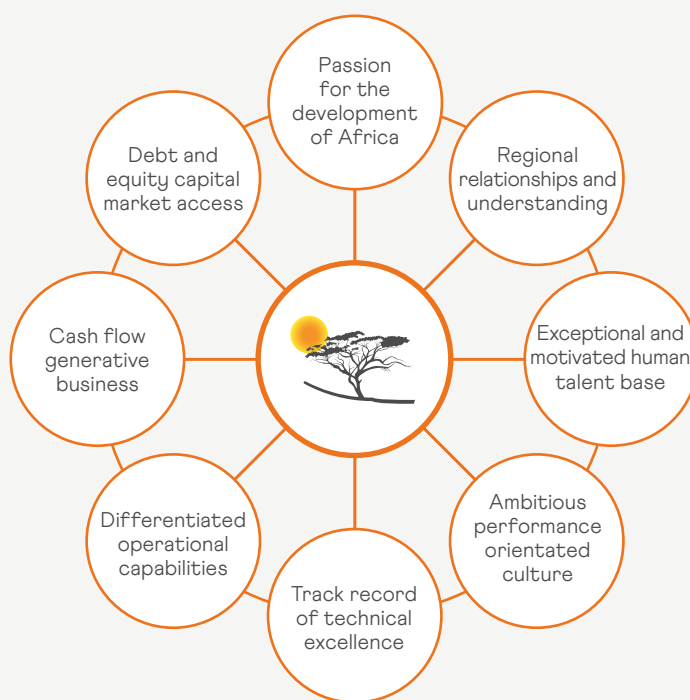
Niger

- 13,655km² under licence via the new R1234 10-year PSC in the highly oil prolific Agadem Rift Basin
- Successfully discovered 5 oil fields – Kunama, Amdigh, Eridal, Bushiya and Zomo – with 35 MMstb of gross 2C Resources
- R3 East Development Project expected to deliver plateau gross production of 5 Kbp/d for 8 years
- Further exploration bank of 146 potential exploration targets identified
- Agreement signed (post-year end) with Niger Government for new up to 250 MW Parc Eolien de la Tarka wind farm project, with project sanction targeted in 2023 and first wind power in 2025

Chad and Cameroon

- The proposed acquisitions of the Chad and Cameroon Assets^(m)
- Seven producing fields – Komé, Miandoum, Bolobo, Moundouli, Maikeri, Nya and Timbre
- Combined gross 2P Reserve base of 138.4 MMstb and 2022F forecast production of 30.1 Kbp/d
- Oil exported via the Chad-Cameroon pipeline with a capacity of 250 Kbp/d. Agreement signed (post-year end) with Chad Government for the development of up to 500 MW of renewable energy projects with project sanctions targeted in 2023/24 and first power in 2025/26

Our core strength matrix





Why invest in Savannah Energy

A compelling INVESTMENT opportunity

Predictable base revenue stream

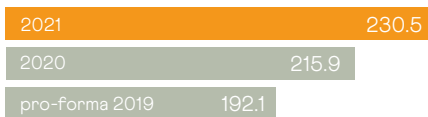
Savannah has two high-quality, high-growth business units in Nigeria and Niger. Our Nigerian assets' future contracted revenues are derived from fixed price, long-term gas sales agreements with a weighted average remaining contract life of 16 years and over US\$4 billion of remaining life-of-contract revenues^(b). 95% of current contracted revenues are with customers providing investment grade credit guarantees^(c).

Upon completion of the proposed acquisitions of the Chad and Cameroon Assets^(m), the base revenue stream would be further significantly enhanced and is expected to increase by over 250%, with approximately half of this increase coming from the non-oil price correlated midstream business and the balance from the oil price correlated upstream business¹.

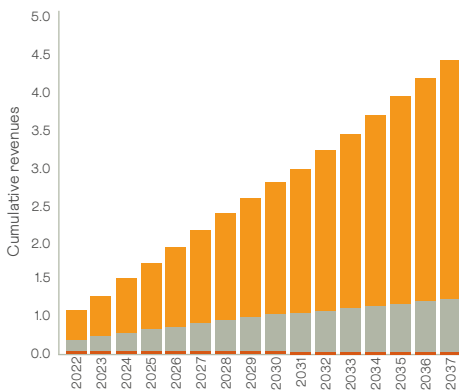
Highlight

- Total Revenues^(a) up by 20% over the last three years to US\$230.5 million in 2021

Total Revenues^(a) (%) +20%



Contracted cumulative revenues (US\$bn)



Customers

- Ibom Power Company Limited
- Lafarge Africa PLC
- Calabar Generation Company Limited

Proven track record of delivery

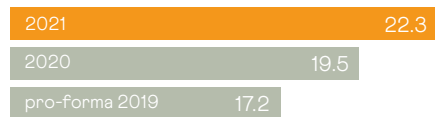
Savannah has a strong and proven track record of delivering value in a safe and sustainable manner. We benefit from a strong and functionally arranged operating platform, a purposeful performance driven culture and highly-experienced Board and Senior Management teams.

We have a strong track record of delivering our capital projects on time and budget, of delivering post-acquisition asset performance enhancements and of exploration excellence.

Highlights

- Adjusted EBITDA^(c) up by 7% compared to 2020
- Five discoveries from the five exploration wells drilled to date in Niger demonstrates our subsurface expertise

Average daily gross production (Kboepd) +30%



Savannah beats financial cost guidance

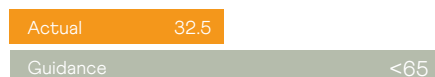
Group operating expenses plus administrative expenses^(d) (US\$m) -20%



Group depreciation, depletion and amortisation (based on actual 2021 production) (US\$m) -7%



Capital expenditure (cash) (US\$m) -50%



Making a sustainable impact

We seek to deliver energy projects in Africa which make meaningful positive socio-economic contributions to our host countries. We strive to manage all of our operations in a safe, secure and environmentally sustainable manner. Our carbon intensity, diversity and local content performance and metrics are industry leading. In 2021 we re-focused our sustainability strategy on four key pillars which are aligned with 13 of the United Nations Sustainable Development Goals.

Highlights

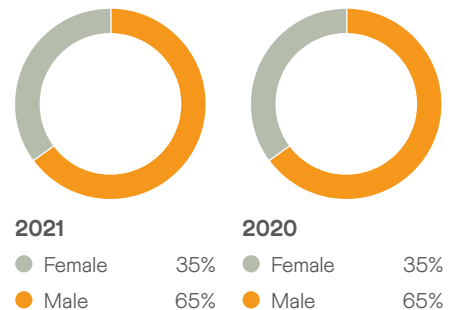
- We supply gas enabling over 10% of Nigeria's thermal power generation
- Our Total Contributions^(d) to our host countries since 2014 were US\$624 million
- In 2021 we delivered 8 social impact projects impacting 98 of our local communities

➔ Read more about our sustainability on page 36

Total contributions^(d) (US\$m) +32%



Senior management female gender diversity (%) 35%



Carbon intensity (kg CO₂e/boe) +4%



Strong organic growth potential

In Nigeria, we expect to deliver significant organic growth from a combination of increased sales to existing customers and sales to new customers.

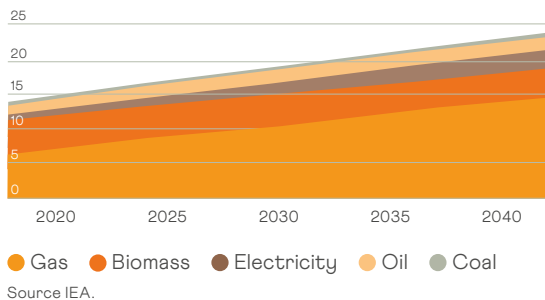
In Niger we expect to progress our R3 East development and have significant additional longer-term growth potential associated with 146 exploration targets within our licence areas.

Our growth ambitions are underpinned by a 29.6-year combined reserve and resource life.

Highlights

- Uquo-11 well drilled leading to 20% reserves increase in Nigeria
- First Gas-to-CNG sales agreement announced with Mulak Energy
- First gas sales to FIPL Afam and post-year end contract extension to cover a total of three FIPL power stations
- Post-year end, new GSAs announced with Central Horizon Gas Company and TransAfam Power Limited

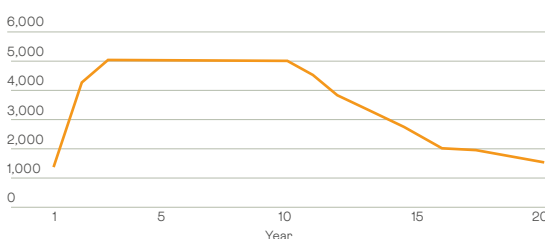
Projected Nigerian energy demand (Mtoe)



Niger Agadem Rift Basin exploration success rate (%)



R3 East Early Production Scheme – average daily production (bopd)



Strong inorganic growth potential

We continue to actively review new acquisition opportunities in our core African region focused predominantly on: (1) cash-generative, or near-term cash-generative, upstream and midstream assets; and/or (2) “bolt-on” assets for which there is significant synergistic value to our existing operations. In the case of the former, typically larger opportunities, our focus is upon those that: (1) are being offered by vendors who are divesting assets for “strategic” reasons; and (2) would be unit value per share accretive to Savannah. We see significant value creation potential in such deals, with the performance improvements we have delivered in our Nigerian asset base post-acquisition a prime example of how this can be achieved.

In the renewable energy space we are focused on identifying new large scale greenfield power projects in our core African region. We believe the market opportunity in this area is likely to be over 310 GW by 2030.

Highlights

- Announcement of the proposed acquisitions of the Chad and Cameroon Assets^(m)
- Establishment of new Renewable Energy Division with three large-scale renewables projects for up to 750 MW signed in Niger and Chad post-year end

310 GW

of African renewable energy market potential by 2030

US\$100bn

of divestments announced by oil majors²



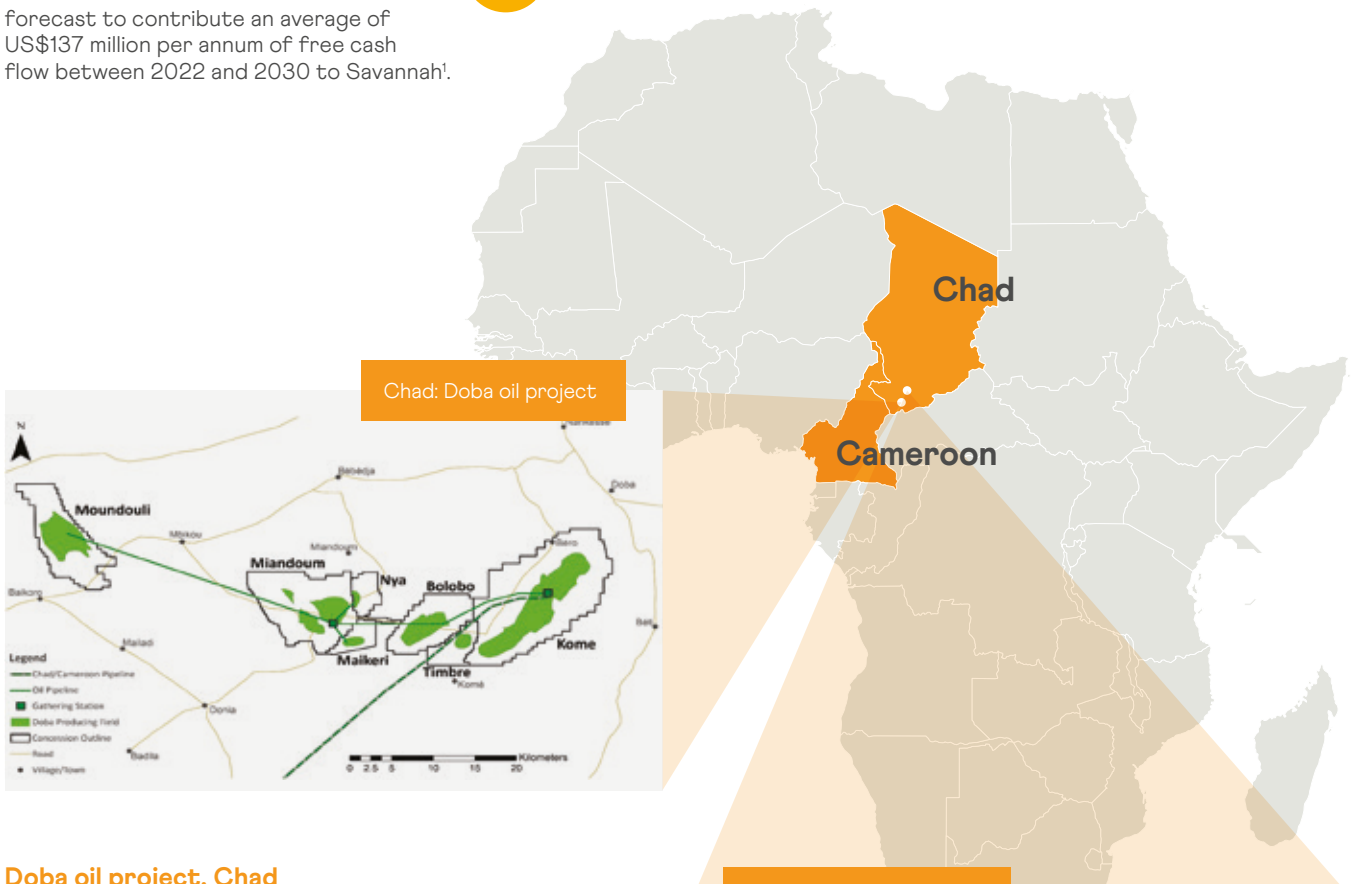


Chad and Cameroon: the next stage in the Savannah STORY

On 13 December 2021, we announced the proposed acquisitions of the Chad and Cameroon Assets^(m). The assets are forecast to contribute an average of US\$137 million per annum of free cash flow between 2022 and 2030 to Savannah¹.

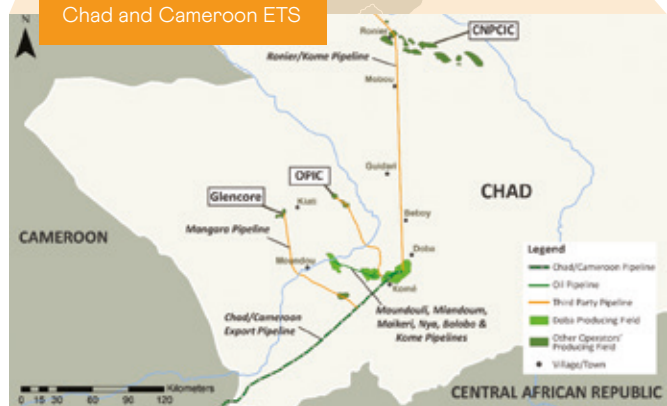


Our next stage



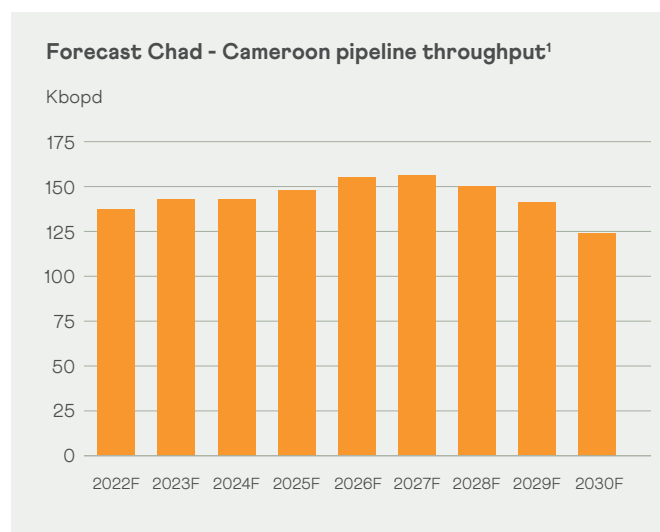
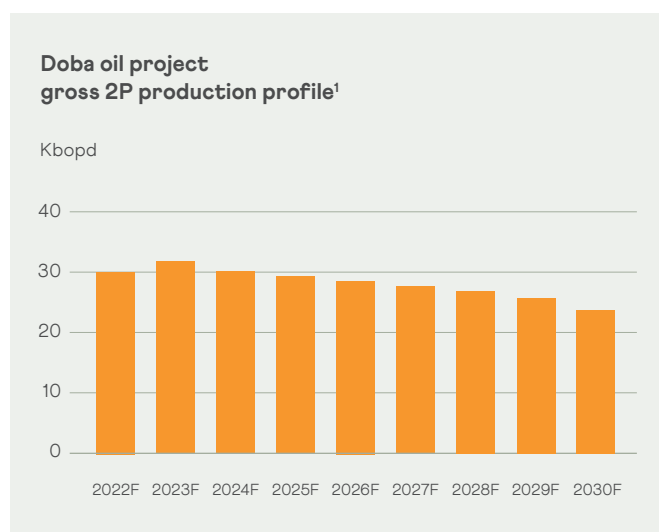
Doba oil project, Chad

The Chad upstream assets comprise interests in the Doba oil project which has seven producing fields – Komé, Miandoum, Bolobo, Moundouli, Maikeri, Nya and Timbre. The fields were brought onstream during the 2003 – 2009 period and in 2020 produced from approximately 300 wells. The CPR¹ forecast average daily production of 30.1 Kbpod in 2022 with a netback per barrel produced of US\$36.8/bbl, assuming an oil price of US\$60/bbl. No wells have been drilled on the fields by the current operator since 2015 but Savannah intends to make further investments in the fields, including drilling an average of twelve wells per year from 2023. Savannah is also considering various enhanced recovery production techniques to increase oil production.



Chad-Cameroon ETS

The Chad-Cameroon Export Transportation System (“ETS”) comprises the Chad and Cameroon export pipeline, the Komé Kribi 1 floating storage and offloading unit (“FSO”) and related infrastructure. The Chad-Cameroon ETS is the only international export route for oil production in Chad, which is used by the Doba Consortium and other third-party shippers including CNPC, Glencore and OPIC. The “Upside” case in the Competent Persons Report¹, for the 2022 to 2030 period, is c. 30% higher than Savannah’s base case assumed profile, which was based on the third-party production throughput from a Wood Mackenzie study² commissioned by Savannah, with most of the upside coming from third-party shippers.



Asset details¹

Doba oil project:

- Combined gross 2P reserve base of 138.4 MMstb and 2022F forecast production of 30.1 Kbopd
- 120.4 MMstb out of 138.4 MMstb (i.e. c. 85%) are proved developed reserves from a no further investment case
- Gross 2C contingent resources of 110.2 MMstb demonstrating the additional upside of these mature upstream assets

Chad-Cameroon ETS:

- Pipeline has a capacity of 250 Kbopd and the FSO has a capacity of c. 2.2 MMstb, located 10km offshore Cameroon
- Pipeline throughput in 2020 was 129 Kbopd, from more than 15 fields, c. 75% of which was from third-party shippers
- Pipeline tariff is not related to the oil price
- Spare capacity of at least 100 Kbopd in this export route
- Potential for new adjacent operations to utilise the export pipeline, including a number of undeveloped discoveries in Chad



Komé gathering station, Chad



Strategy in action – Chad and Cameroon continued

Sources of additional production upside

- Application of alternative well completion and intervention technologies can have quickly monetisable results for modest capital expenditure
- Significant additional infill drilling activity across acreage.
- Optimisation of existing water and polymer flooding activities to maintain production and significantly extend field life
- As an example, the Chad and Cameroon CPR model estimates a 5% increase in production between 2022 and 2030 from these enhanced recovery techniques could add c. US\$7m of incremental asset cash flows p.a.¹

Significant additional pipeline throughput upside

- Third party consultant Wood Mackenzie² has forecast Chad and Cameroon pipeline¹ volumes, denoted as the “Upside” case in the Competent Persons Report, for the 2022-2030 period as c.30% higher than Savannah’s base case assumed profile
- Achievement of the upside case would add US\$140m of value to the Chad and Cameroon pipeline asset PV10^{1,3}

Proposed acquisition details

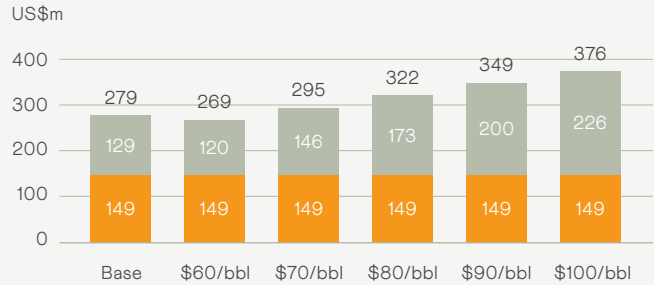
In aggregate, Savannah will acquire, on completion of the acquisitions:

- A 75% participating interest in the Doba oil project which comprises seven producing oil fields with 186.5 MMstb of net 2P Reserves and 2C Resources and which produced an average gross daily production of 33.7 Kboepd (net 25.3 Kboepd) in 2020. The remaining 25% interest is held by the national oil company of Chad, SHT Petroleum Chad Company Limited (“SHT”)
- A 70.34% equity interest in the Chad Pipeline Company^(m) which owns the 178 km section of the Chad-Cameroon ETS that runs from the Doba oil project to the Cameroon border
- A 70.83% equity interest in the Cameroon Pipeline Company⁽ⁿ⁾ which owns the 903 km section of the Chad-Cameroon ETS that runs from the border, through Cameroon and the associated export facilities, including the Komé Kribi 1 FSO
- The remaining c. 30% interest in the Chad-Cameroon ETS is held by SHT, the Republic of Chad and the national oil company of Cameroon, Société Nationale Des Hydrocarbures

Savannah’s potential combined business scale transformation post-acquisitions¹

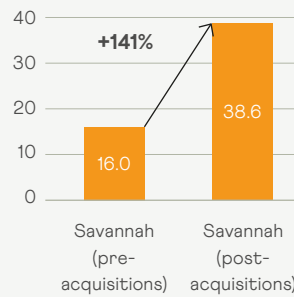
● Midstream ● Upstream

Average 2P asset level free cash flow 2022F to 2030F



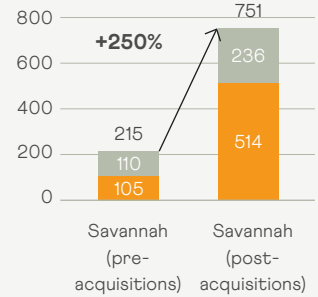
Net 2022F production

(Working interest)
Kboepd



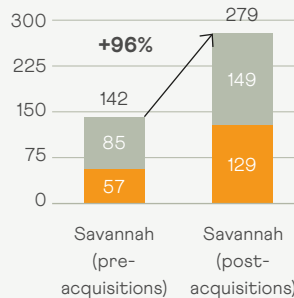
Average 9-year revenues

US\$m



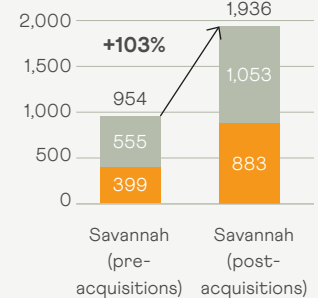
Average 9-year asset level free cash flow

US\$m



Asset valuation (PV10)³

US\$m

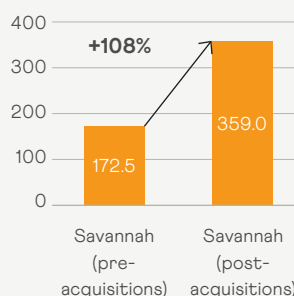


“We believe our planned investments in the Doba oil, and Komé and N’Djamena renewable energy projects have the potential to make a significant contribution to the country’s economy for many years to come.”

Andrew Knott
Chief Executive Officer

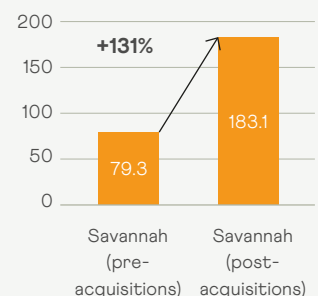
Net 2P reserves & 2C resources

MMboe



Net 2P Reserves

MMboe



Chad and Cameroon

The oil industry has a significant, wide-ranging impact on Chad's economy, and the Doba oil project has been at the forefront of this. In addition to the billions of dollars of revenues, royalties and taxes that have flowed directly to the Chadian Government, the Doba oil project has contributed to the growth of the economy through local employment, the training and development of thousands of workers, purchases of hundreds of millions of dollars of goods and services from local providers and the transfer of business and technical knowledge. Savannah's plans for further investment into the Doba oil project can make a material contribution to the economic development of Chad. Likewise, continued transportation of oil through the Chad and Cameroon Pipeline will provide long-term employment and training opportunities for local providers in both countries.



L-R: Pierre Djastro, Chief of the Miandoum Canton. Chris Grubb, Head of HSE Chad.

Chad country facts

Population ⁴	2021 GDP growth ⁴
16.9m	0.9%
GDP ⁴	GDP per capita ⁴
US\$12.4bn	US\$730

Cameroon country facts

Population ⁴	2021 GDP growth ⁴
27.2m	3.6%
GDP ⁴	GDP per capita ⁴
US\$44.8bn	US\$1,650

Savannah's new 500 MW renewable energy projects in Chad

Post-year end in May 2022, we announced the signing of an agreement with the Ministry of Petroleum and Energy of the Republic of Chad for the development of up to 500 MW of renewable energy projects, including the largest solar and battery storage project in sub-Saharan Africa (excluding South Africa) and plans to more than double the existing installed power generation capacity supplying Chad's capital city, N'Djamena.

Centrale Solaire de Komé

The first project Savannah has agreed to develop comprises an up to 300 MW photovoltaic solar farm and battery energy storage system ("BESS") located in Komé, Southern Chad (the "Centrale Solaire de Komé"). This project is being developed to provide clean, reliable power generation for the Doba oil project and the surrounding towns of Moundou and Doba. In doing so, it will displace existing hydrocarbon power supply resulting in a significant reduction in CO₂ emissions and provide a supply of clean, reliable electricity on a potential 24/7 basis to the surrounding towns of Moundou and Doba (which currently only have intermittent power access). The tariff for the electricity generated from this project is expected to be significantly less than that being paid for the current hydrocarbon-based power generation in the region. At 300 MW, the Centrale Solaire de Komé would be the largest solar project in sub-Saharan Africa (excluding South Africa) as well as constituting the largest battery storage project in Africa. Project sanction for the Centrale Solaire de Komé is expected in 2023 with first power in 2025.

Centrales d'Energie Renouvelable de N'Djamena

The second project involves the development of solar and wind projects of up to 100 MW each to supply power to the country's capital city, N'Djamena (the "Centrales d'Energie Renouvelable de N'Djamena"). A significant portion of this project is anticipated to benefit from the installation of a BESS, potentially enabling the provision of 24/7 power supply. At up to 200 MW, the Centrales d'Energie Renouvelable de N'Djamena would more than double the existing installed generation capacity supplying the city and increase total installed grid-connected power generation capacity in Chad by an estimated 63%. Savannah expects the cost of power from the Centrales d'Energie Renouvelable de N'Djamena to be lower than existing competing power projects, which are currently primarily hydrocarbon-based. Project sanction for the Centrales d'Energie Renouvelable de N'Djamena is expected in 2023/24 with first power in 2025/26.



2021 Highlights

Total Revenues^(a)
(US\$m)



Adjusted EBITDA^(a)
(US\$m)



Cash collections^(b)
(US\$m)



Average gross daily production
(Kboepd)



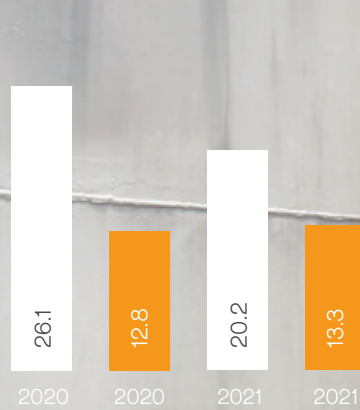
Total contributions^(d)
(US\$m)



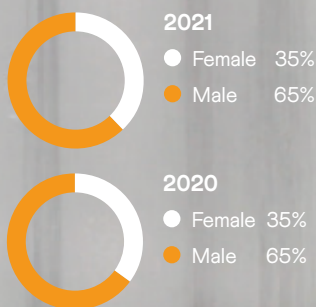
Carbon intensity
(kg CO₂e/boe)



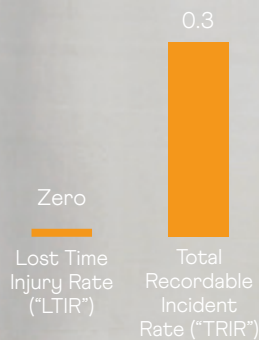
Savannah vs. Supermajors' carbon intensity¹
(kg CO₂e/boe)



Senior management gender diversity (%)



2021 safety record
(per 200,000 man-hours)



● Supermajors
● Savannah

L-R: Mfon Udobia, Graduate Intern, Deborah Ekpa, Graduate Intern, Accugas' Uquo Central Processing Facility, Nigeria



Chairman's statement

Delivering *Projects that MATTER* in Africa

Steve Jenkins
Chairman of the Board



Dear fellow shareholders,

2021 was a year of substantial delivery for Savannah, driven by our corporate mission of developing and investing in **Projects that Matter** in Africa, namely delivering energy projects that change people's lives for the better. Many countries in Africa suffer from energy poverty, and Savannah is very proud to be part of the effort to alleviate this and create a more sustainable future for all.

In June 2021, we announced our proposed acquisitions of the Chad and Cameron Assets^(m). The transactions were approved by shareholders on 24 January 2022 and are expected to complete later this year. In order to finance these acquisitions, in December 2021, we raised US\$65 million via an oversubscribed equity placing and subscription, alongside new debt facilities. I would like to thank and welcome all existing and new investors who participated, especially those who were so patient and supportive during the seven-month share suspension.

Corporate governance and stakeholder engagement

The Board is committed to ensuring Savannah's sustainable success for the benefit of our shareholders whilst also having regard to all our other stakeholders' interests. We continue to use the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework and the Corporate Governance Report on page 84 explains how we applied the principles of the QCA Code in 2021.

I am delighted with the progress the Company has made since its listing in 2014. After eight years as Chairman, I have decided to step down at, or prior, to the 2023 Annual General Meeting. It has been a privilege to lead the Board during this phase of the Group's development and I look forward to continuing as a Non-Executive Director. The search for a Chair-Designate has commenced and there will be a period of handover in order to ensure a smooth transition. In the meantime, I am pleased to

welcome Nick Beattie to the Board following confirmation of his appointment as Group Chief Financial Officer.

Similarly, I look forward to welcoming three new, highly experienced Directors to the Board, following completion of the proposed ExxonMobil transaction. The incoming Directors all have successful backgrounds in a diverse range of industries and will significantly strengthen the Board's experience. I would also like to recognise the significant contribution which David Jamison has made to the Group as a Director. David will be retiring from the Board at the end of June 2022 and I am delighted that he has agreed to assume the role of Honorary President of Savannah.

The Board continues to place great emphasis on engagement with all our stakeholder groups and more information on this is provided in our Section 172 Statement on page 30.

Outlook

Savannah has the ambition and focus to be the leading African energy company, in particular the operating partner of choice for both companies and governments. The proposed acquisitions of the Chad and Cameroon Assets^(m) together with the new renewable energy projects in Niger and Chad demonstrate the magnitude of the deals we are capable of achieving. Savannah is exceptionally well-positioned and I look forward to the future with great confidence.

Steve Jenkins
Chairman of the Board
7 June 2022



Featured article

by His Excellency Professor Yemi Osinbajo SAN, Vice President of the Federal Republic of Nigeria and Chairman of Niger Delta Power Holding Company*

The hypocrisy of rich countries' climate policies

His Excellency Professor Yemi Osinbajo SAN, Vice President of the Federal Republic of Nigeria and Chairman of Niger Delta Power Holding Company



Nigeria's Vice President says rich countries cannot demand more stringent actions than they will commit to themselves.

Africa needs more energy. Total electricity use for more than a billion people, covering all 48 sub-Saharan African countries except South Africa, is less than that used by Spain (home to just 47m). The dearth of power hurts livelihoods and destroys the dreams of hundreds of millions of young people.

We must close the global energy inequality gap. Africans need more than just lights at home. We want abundant energy at scale so as to create industrial and commercial jobs. To participate fully in the global economy, we will need reliable low-cost power for facilities such as data centres and, eventually, for millions of electric vehicles.

If our continent's unmet energy needs are already huge, future demand will be even greater as populations expand, urbanisation accelerates and more people move into the middle class. By 2050, Nigeria will surpass America in population with over 400 million people on current forecasts, with the vast majority of citizens in cities. Lagos's population alone will surpass 30 million people.

The Nigerian Government remains committed to universal energy access, and all Nigerians deserve to enjoy the benefits of modern energy that are taken for granted in the rich world. We should aim to generate a national average power output of at least 1,000 kilowatt-hours per person which, combined with population growth, means that by 2050 we will need to generate 15 times more electricity than we do today. That ambitious goal will require vast resources.

President Muhammadu Buhari has also pledged that Nigeria will reach net-zero emissions by 2060. We are currently implementing power sector initiatives and reforms focused at expanding our grid, increasing generation capacity, and deploying renewable energy to rural and underserved populations. We aim to end wasteful gas flaring by 2030, instead leveraging this domestic resource for our own economic growth. Reaching both our development and climate ambitions, however, will require far more external support and the same policy flexibility that rich nations claim for themselves in the energy transition. We cannot achieve our goals otherwise.

Despite the tremendous energy gaps, global policies are increasingly constraining Africa's energy technology choices. Rich countries, especially in Europe, have repeatedly called for African states to use only renewable power sources. This is partly because of a naive belief in leapfrogging, the assumption that, like skipping landlines for mobile phones, Africa can 'leap' to new energy technologies. The renewables-only mantra is also driven by unjustified fears of the continent's future emissions. Yet under no plausible scenario is Africa a threat to global climate targets. Such demands extend even to cooking, where some funders will not support any gas projects although they bring immediate and substantial benefits. The vast majority of Africans still use charcoal or wood to cook, leading to deforestation; early death from indoor air pollution and avoidable carbon emissions.

Instead of viewing Africa's emergence as a threat to be blocked, the continent should be seen as a tremendous opportunity. The challenge for the continent is to transition to net-zero emissions while at the same time building sustainable power systems to drive development and economic opportunity. The EU's recent decision to label natural gas and nuclear power as green investments recognises a critical truth: different countries will follow different paths in the energy transition. If this is true for Europe, it's even more true for diverse African nations.



Lagos, Nigeria by night

A promising step was announced last year in Scotland at COP26, the annual UN climate talks, when South Africa received an \$8.5bn package to accelerate its energy transition. It is high time to extend that kind of support to the rest of the continent. Nigeria has four times South Africa's population and yet uses just one eighth as much electricity. COP27 will be held in Egypt in November. Now is the ideal time to reset global policy so as to bolster Africa's plans for producing clean energy. Wealthy countries have contributed the most to climate change, and they cannot demand more stringent actions than they will commit to themselves.

First, developed nations should commit to funding in full Africa's energy transition. This is both a moral imperative and an environmental necessity. We estimate that Nigeria requires \$400bn of new investment above business-as-usual spending to meet its net-zero pledge. A green energy package, akin to South Africa's, should offer at least \$10bn per year over the next two decades. Investments would cover not only new renewable generation projects, but also transmission infrastructure, smart grids, data management systems, storage capacity, electric vehicles, clean cooking, and the costs of integrating new distributed energy systems.

Second, there must be a hiatus on blanket bans for fossil-fuel financing in developing countries. Coal investment is already dead in most of Africa and any future oil investment will come from private sources. But financing rules on natural gas will greatly affect our development and our energy transition to net zero. Though solar will provide most of our power in the future, we still need natural gas for baseload power and balance. We insist that liquefied petroleum gas (LPG) be included as a clean cooking alternative to save the lives of our women and girls and to protect our own natural environment. Europe says it needs a decade more of gas investment to meet its 2050 climate targets. Africa with our greater challenges should have at least two more decades in order to meet our climate targets.

The world cannot tackle collective challenges if poor nations are treated as second class, or their aspirations are ignored. After enduring colonialism, decades of unfair economic practices and Covid-19 vaccine apartheid, we cannot accept regressive climate policy as another injustice. Tackling the dual crises of poverty and climate change can only succeed if all countries play their fair part and all of humanity is lifted up together.

“We must close the global energy inequality gap. Africans need more than just lights at home. We want abundant energy at scale so as to create industrial and commercial jobs. To participate fully in the global economy, we will need reliable, low-cost power for facilities such as data centres and, eventually, for millions of electric vehicles.”

Yemi Osinbajo

His Excellency Vice President of the Federal Republic of Nigeria



CEO Shareholder Letter

CHAMPIONING the African energy transition

“We are unequivocally an “AND” company. We are seeking to deliver strong performance, both for the short AND long-term, across multiple fronts. We are pursuing growth opportunities in both the hydrocarbon AND renewable energy areas. This approach permeates our entire business and how we have built, and will continue to build, our corporate infrastructure.”

Andrew Knott
Chief Executive Officer



Dear fellow shareholders

I would like to welcome you to our eighth Annual Report as a listed company. I have divided this year's letter into three sections. The first section discusses our Company's continued industry-leading financial, operational and sustainability performance. The second discusses our key focus areas for 2022 and 2023. The third section discusses the “how” and the “why” we see the African energy transition evolving, explaining the relevance and power of our hydrocarbon AND renewables business model.

Before turning to the first section, I would like to draw your attention to two guest authored articles in this year's Annual Report. The first article (on pages 12 and 13) is authored by His Excellency Professor Yemi Osinbajo SAN, Vice President of the Federal Republic of Nigeria and Chairman of Niger Delta Power Holding Company, and highlights his views (shared by many in Africa, including myself) as to the inadequacies and hypocrisy of rich countries' climate policies. The second article (on pages 20 to 23) authored by NJ Ayuk, Chairman of the African Energy Council, argues for meaningful solutions to combat energy poverty in Africa, including the urgent need for the provision of greater finance to the sector. We are extremely grateful to both of our guest authors for their contributions. Section three of this letter builds on several of their ideas.

Savannah's 2021 performance

2021 saw the global economy begin to recover from the impacts of the Covid-19 pandemic. Global GDP rose by 5.5%¹, while benchmark oil and gas prices increased by over 50%². The financial performance of the global energy industry reflected this rebound with the seven Supermajors recording a combined US\$96 billion profit in 2021 as compared to their record US\$88 billion³ financial loss in 2020.

In line with this trend, Savannah performed strongly. Our Total Revenues^(a) and Adjusted EBITDA^(c) increased by 7% year-on-year to US\$230.5 million and US\$175.0 million respectively. At the Nigerian business unit level, we recorded Adjusted EBITDA^(c) of US\$193.0 million. Our Nigerian business has now delivered five consecutive years of Total Revenues^(a) growth at a compound annual growth rate (“CAGR”) of 20%. 93% of this revenue stream was derived from fixed price gas sales contracts with no cyclical exposure to oil prices or international gas prices. This revenue growth compares favourably to the long-term trend CAGR of the wider UK stock market constituents (6%)⁴.

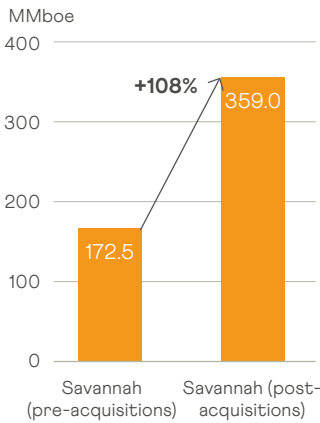
The US\$18 million difference between our Group and Nigerian business Adjusted EBITDA^(c) numbers reflects the central costs of running our business and the investments we have made to build the corporate infrastructure to enable our future organic and in-organic growth plans. We will continue to invest in our growth going forward as we target a potential quadrupling of the scale of our business over the course of the coming years.

Operationally, the key workstream of note was the drilling of the Uquo-11 gas well in Nigeria. This well was a major financial and technical success for our business. It was drilled at a total cost of approximately US\$18 million, US\$8 million less than the last well to be drilled on the Uquo field prior to Savannah assuming ownership. This performance continued our track record of delivering operational projects safely, on target and in line with, or ahead of, budget. The well result, combined with various technical workstreams, enabled us to upgrade our Group 2P reserves by 20% and report a three-year organic reserve replacement ratio of 107% (versus the industry average of 57%)⁵. Put simply, despite approximately three years of production, our Nigerian business now has more oil and gas reserves than when we bought it.

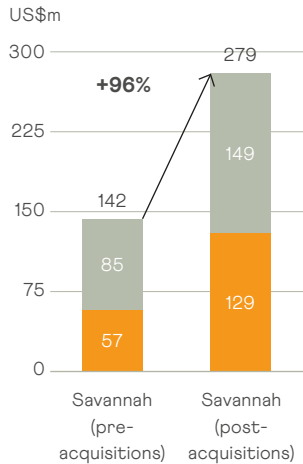
From a business development perspective, the year was dominated by our proposed acquisitions of the Chad and Cameroon Assets^(m) for a consideration of up to US\$700 million.

Potential impact of the Chad and Cameroon Assets

Net 2P Reserves & 2C Resources⁶



Average 9-year asset level free cash flow



“We will continue to invest in our growth going forward as we target a potential quadrupling of the scale of our business over the course of the coming years.”

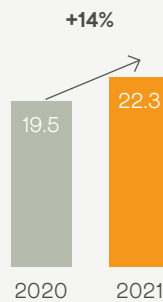
Andrew Knott

These transactions are expected to be transformational for our Company, as can be seen from the charts below. For example, upon completion it is estimated that our post-deal reserves and resources would increase by 108% to 359 MMboe, while our nine-year average forward asset level free cash flows are projected to increase by 96% to US\$279 million.

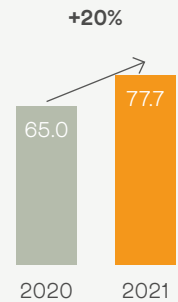
We see strong upside potential across the asset portfolio we are acquiring. I am therefore hopeful that in future shareholder letters, I will be able to write about the achievement of these organic upside cases in the proposed acquisitions of the Chad and Cameroon Assets^(m) in the same way we have been writing about the transformation of our Nigerian business since announcing our intention to acquire it in 2017.

In 2021, we announced the formation of our Renewable Energy Division and, post period, signed agreements for the development of up to 750 MW large-scale greenfield solar and wind projects with the Governments of Niger (Parc Eolien de la Tarka) and Chad (Centrale Solaire de Komé and Centrales d’Energie Renouvelable de N’Djamena). The scale of our future ambition in this area is clear. The up to 250 MW Parc Eolien de la Tarka would increase Niger’s on-grid power generation capacity by up to 40%. The up to 300 MW Centrale Solaire de Komé would represent the largest solar plant in sub-Saharan Africa (excluding South Africa) and potentially the largest battery storage project on the continent.

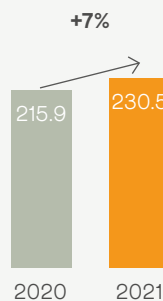
Savannah daily production (Kboepd)



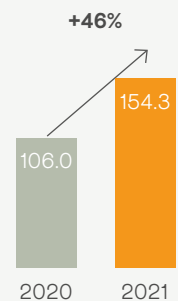
Net 2P Reserves (MMboe)



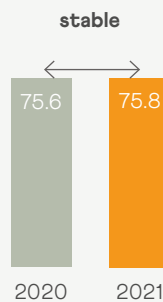
Savannah Total Revenues^(a) (US\$m)



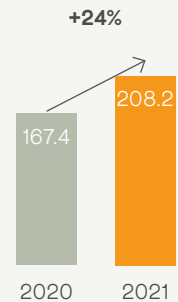
Cash Balance (US\$m)



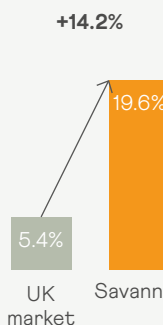
Adjusted EBITDA^(b) Margin (%)



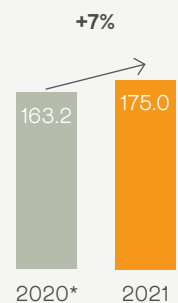
Savannah cash collections^(j) (US\$m)



UK market vs SAVE long-term revenue growth



Adjusted EBITDA^(b) (US\$m)





CEO Shareholder Letter continued

Savannah's 2021 performance continued

The up to 200 MW, Centrales d'Énergie Renouvelable de N'Djamena alone would more than double the existing installed generation capacity supplying the capital city and increase total installed on-grid power generation capacity in Chad by an estimated 63%.

For both Chad and Niger the projects represent potentially substantial foreign direct investments that would make significant contributions to the economic development of the regions where they will be situated. I am excited to be writing about the progress we have made on these initial renewable energy projects and hope to be writing much more about them and many others in future shareholder letters.

In Niger, we successfully renewed and amalgamated our R1/R2 and R3/R4 PSCs, extending the exploration term for up to another 10 years. This has paved the way for us to hopefully proceed to the next phase in the 35 MMstb R3 East development and recommencement of exploration activities in Niger.

As always, we maintained our strong focus around safe operational delivery. We recorded a zero incident Lost Time Injury Rate ("LTIR") and a Total Recordable Incident Rate ("TRIR") of 0.34 per 200,000 person hours. Our performance against key sustainability metrics such as carbon intensity (13.3kg CO₂e/boe), senior management gender diversity (35% female) and local employee ratios (99%) all remained equally industry-leading in 2021.

We also continued to strengthen our sustainability performance and reporting framework, implementing a Group-wide digital tool to track our performance on key sustainability indicators on a month-by-month and country-by-country basis, and fully integrating this with our chosen seven leading sustainability reporting standards. Not only is this progress reflected in the Sustainability Review section of this year's Annual Report but we plan to publish separate ESG disclosure reports later this year setting out our alignment to our chosen ESG standards.

“Our performance against key sustainability metrics such as carbon intensity (13.3kg CO₂e/boe), senior management gender diversity (35% female) and local employee ratios (99%) all remained equally industry leading in 2021.”

Andrew Knott

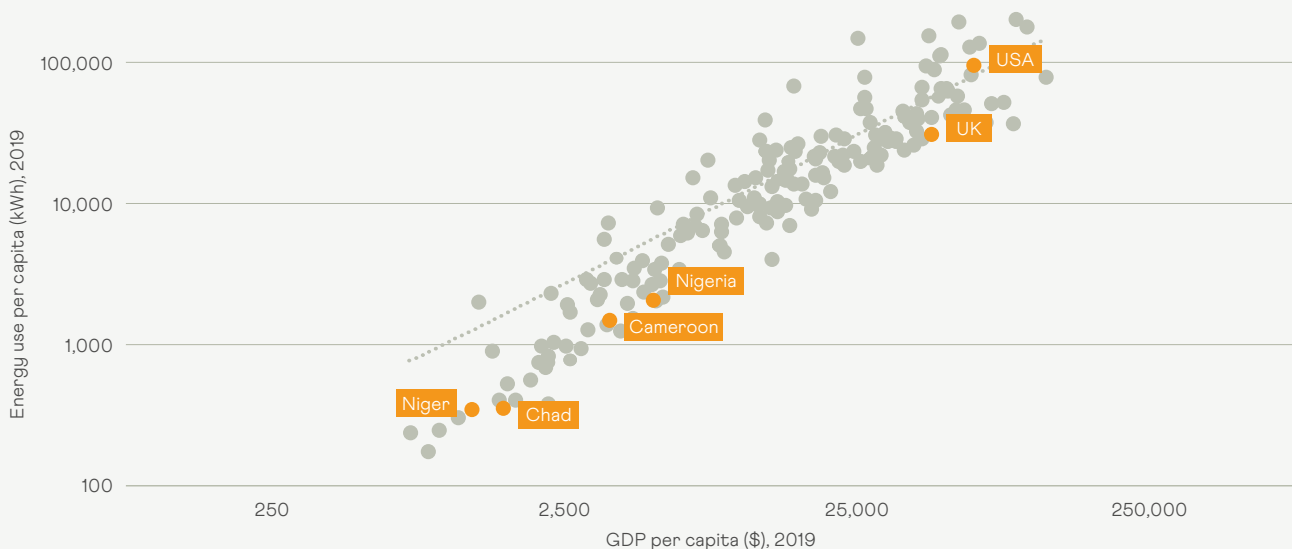
Key focus areas for 2022 and 2023

Over the course of the next two years, I expect there to be several key focus areas for the business. These include:

- **The planned refinancing of our US\$371 million Accugas debt facilities during H2 2022.** Our intention is to redenominate the facility from US dollars to a multi-tranche Naira denominated facility, extending the average maturity to be beyond 2030 and significantly reducing the facility cost in dollar equivalent terms. The effect of this would be to significantly increase the quantum of cash flows available for re-investment in other opportunities; AND
- **Adding new gas sales agreements in Nigeria.** Our midstream assets in Nigeria continue to have significant excess transportation capacity and we will continue to seek to add new, or modify, existing contracts to increase asset throughput over time. In this regard, it should be noted that prior to Savannah acquiring our Nigerian business unit, it had not signed a new customer in over five years. Since acquisition three years ago, we have increased the number of facilities we are contracted to sell gas to from three to seven; AND

Correlation between income per person and power consumption per capita

(Note: logarithmic scale)



Source: Our World in Data based on BP & Shift Data Portal, Worldbank.



Chad renewable energy projects signing ceremony: L-R: His Excellency Djerassem le Bemadjel, the Minister of Petroleum and Energy of the Republic of Chad, Andrew Knott, Chief Executive Officer, Savannah.



Niger wind farm signing ceremony, House's Parliament, United Kingdom, UK: L-R: Andrew Knott, Chief Executive Officer, Savannah. Sani Mahamadou, Minister of Petroleum, Energy and Renewable Energies, Niger.

- **Recommencing field operations in Niger.** Delivery of the 35 MMstb R3 East development project and further exploration activity on the new R1234 PSC area is a focus for the company; AND
- **Completion and integration of the proposed acquisitions of the Chad and Cameroon Assets^(m).** As discussed above, these acquisitions are expected to be transformational for Savannah; AND
- **Further hydrocarbon acquisitions.** We believe there are asset divestment programmes valued in excess of US\$100 billion likely to take place, a significant portion of which are in Africa. Savannah is strongly positioned to successfully participate in these divestment programmes, given our operating capabilities, regional reputation and access to capital. Post-deal we would expect to act as strong asset stewards, delivering better underlying operational performance and improvements in unit carbon intensity (within the limitations of the underlying assets) than the previous asset owners; AND
- **Expansion of our renewable energy business.** Savannah believes the African renewable energy market represents a potentially vast target market of over 310 GW by 2030 and that our hydrocarbon asset operational management skills are directly transferable to this space.

As can be seen from the above list, we are unequivocally an “AND” company. We are seeking to deliver strong performance, both for the short AND long-term, across multiple fronts. We are pursuing growth opportunities in both the hydrocarbon AND renewable energy areas. This approach permeates our entire business and how we have built, and will continue to build, our corporate infrastructure.

How we see the African energy transition

Energy is critical to enabling and sustaining people’s quality of lives. My preferred chart for demonstrating this is adjacent, which compares GDP per capita to Power consumption per capita.

As can be seen, people without access to energy are dramatically poorer than those with access to energy. For example, Niger is ranked 178 out of 178 on the UN Human Development Index⁷ (“UNHDI”) with a GDP/head of US\$1,225⁸ and power consumption per capita of 451/kWh. The US on the other hand is ranked 17 out of 178 on the UNHDI with GDP/head of US\$62,631 and power consumption per capita of 80,106/kWh,

5,015% and 17,653% higher respectively. A similar pattern emerges when we look at the relationship between power consumption and other key quality of life barometers such as life expectancy and lifetime health outcomes.

83.2%⁹ of today’s global energy mix is provided by hydrocarbons. 56% of this is provided by oil and gas. The scale of investment required to sustain the “status quo” global quality of life is immense, with approximately 30% of all global capital expenditures (estimated at US\$341 billion in 2021¹⁰) being attributed to the oil and gas industry.

The world clearly, therefore, requires oil and gas today, and is prepared to pay vast amounts of money to enable this. The extent to which the world requires oil and gas in the future will depend on the absolute and relative rate of renewable energy and carbon mitigation technological improvements and the absolute and relative rate of adoption of these improvements. In this regard, John Kerry’s (The US Climate Change Envoy) quote, which I cited in my last shareholder letter, remains pertinent – “I am told by scientists that 50% of the reductions we have to make by 2050 or 2045 are going to come from technologies we don’t have yet.”

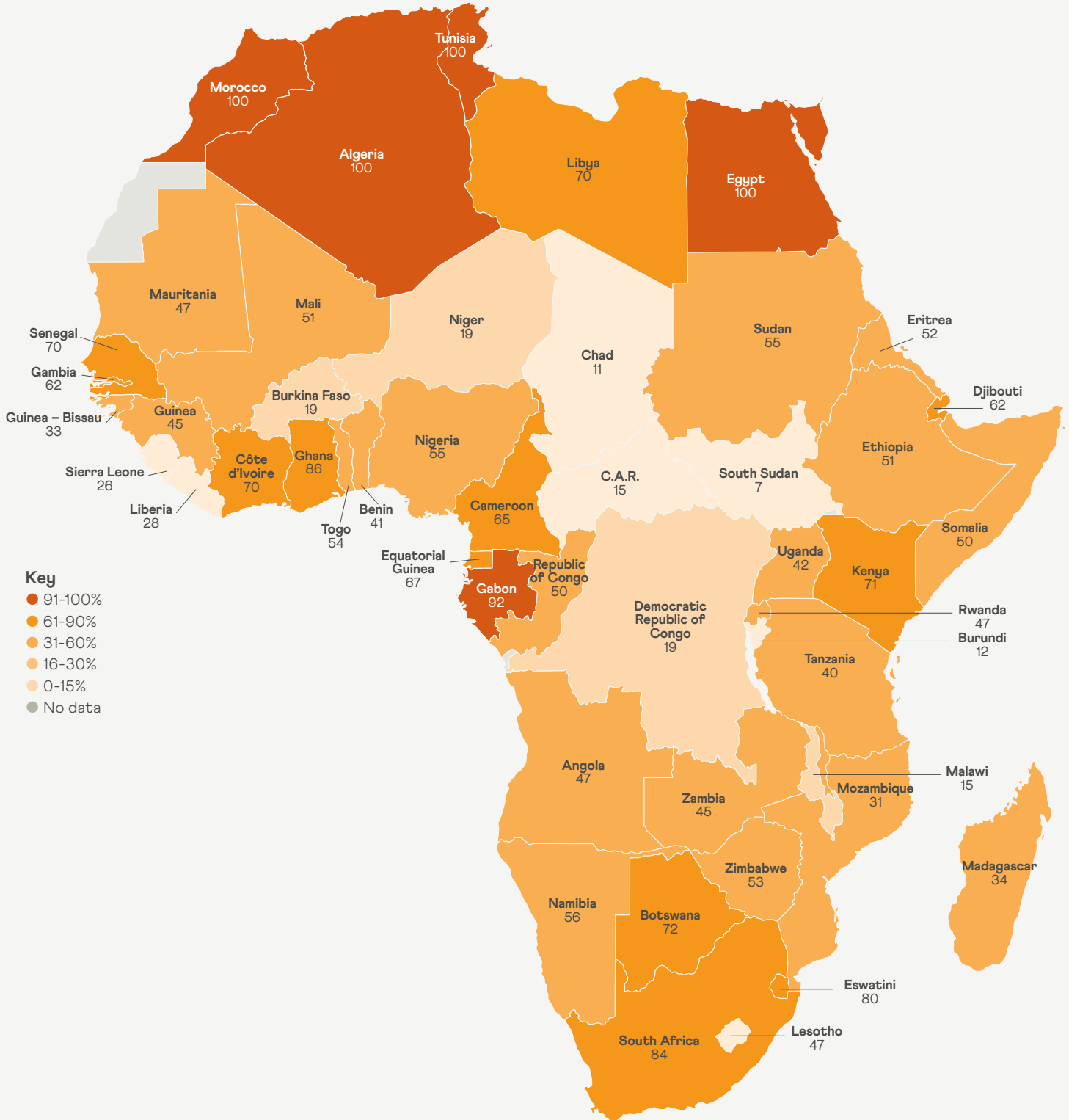
While the pace of technological evolution and adoption may be argued to be generally faster today than in earlier periods, I believe that it is important to recognise that the global energy transition is likely to take a relatively long time. As demonstrated in the charts on page 19, previous energy transitions have taken fifty plus years, and the modern renewable transition only began around 2015. Further, full displacement of the previous energy sources has not occurred in previous transitions (i.e. coal is still 27.2%⁹ of the 2022 global energy mix).

In this regard, when we look at the forecast future energy mix, there is currently a big difference between the trend case (i.e. what forecasters are suggesting will actually happen) versus the Net Zero 2050 case. Essentially the world appears to be on track to have around 45%⁹ of its energy mix in 2050 to be provided by oil and gas, which, given likely energy demand growth over the course of the next 28 years, suggests that actual oil and gas demand is currently not on trend to fall significantly over the period.



CEO Shareholder Letter continued

African population with access to electricity (%)

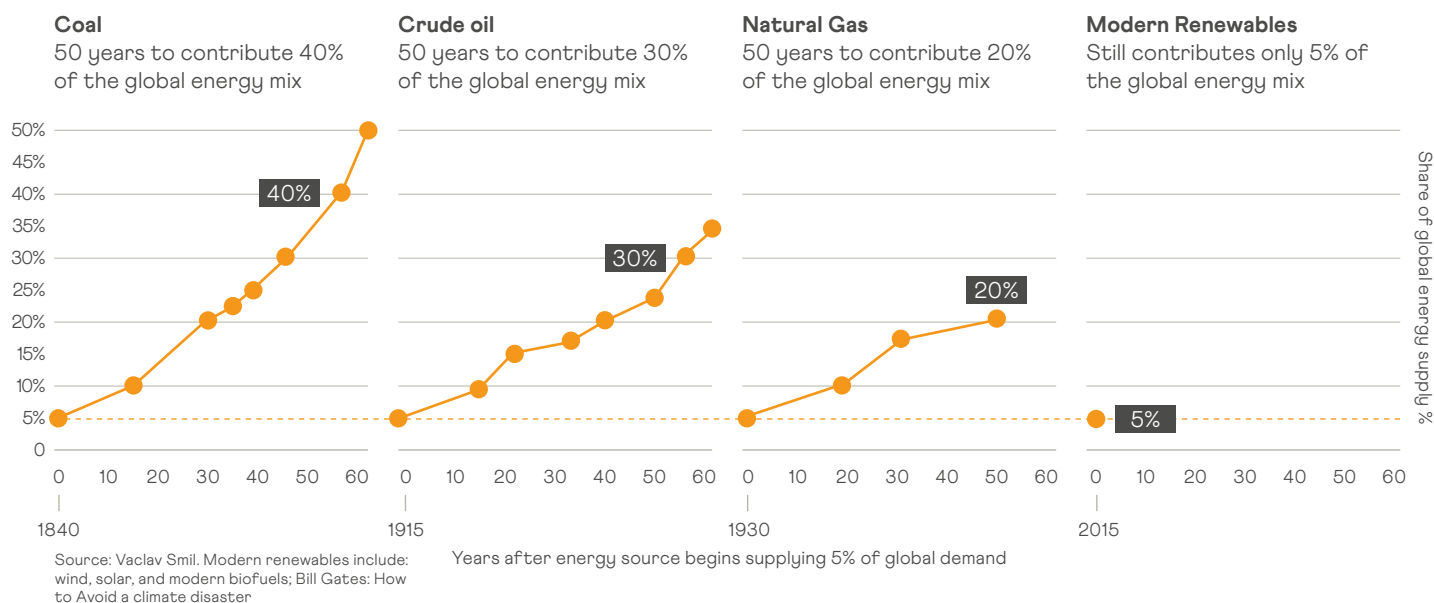


Source: African Energy news service 2020, World Bank 2020



Energy transitions take (a lot of) time

It has taken decades for major energy sources to provide a significant share of global supply



“The opportunities associated with the African energy transition (hydrocarbon acquisitions from Supermajor sellers and the build-out of our renewable energy business) represent a once in a generation opportunity, which we at Savannah are strongly positioned to take advantage of.”

Andrew Knott

How we see the African energy transition continued

The foregoing contrasts dramatically with the many Net Zero demand forecasts which generally see oil and gas demand fall to below 20% of the global energy mix by 2050. Further, it is likely that lower income countries, where the ability to pay for renewable energy infrastructure is lowest and the need for low priced energy to deliver life changing economic growth is highest, will see hydrocarbons form a much greater part of their energy mix in 2050 than in the developed world. This point is demonstrated well by the adjacent map. On average, only 56% of Africa’s entire population has access to electricity (falling to 41% if South Africa, Egypt and Algeria are excluded), with the electricity access rate in our countries of operation estimated at 65% for Cameroon, 11% for Chad, 19% for Niger and 55% for Nigeria¹. For much of Africa, the primary issue is around people being given access to reliable and affordable power, period.

From a Savannah perspective, our primary focus is on participating in **Projects that Matter** in Africa. We expect to continue to acquire hydrocarbon businesses and to re-invest the cash flows we generate in both hydrocarbon AND renewable energy projects. We firmly believe Africa needs both if it is to be given the opportunity to grow and lift ever more of her citizens out of energy poverty.

Closing thoughts

I would hope that having read through this letter my reasons for being optimistic around the future of our business are clear. We are a purposeful organisation, doing societally essential work. The opportunities associated with the African energy transition (hydrocarbon acquisitions from Supermajor sellers and the build-out of our renewable energy business) represent a once in a generation opportunity, which we at Savannah are strongly positioned to take advantage of. We have made significant investments in our people, infrastructure, capabilities and have well-developed regional and financial stakeholder relationships and credibility. We have a strong track record of “getting things done”. I believe that Savannah will achieve great things over the course of the coming years and look forward to continuing this journey with you, my fellow shareholders.

Lastly, I would like to express my gratitude to all those who contributed to our successes in 2021 - my incredibly dedicated and passionate colleagues, our host governments, communities, local authorities and regulators, our shareholders and lenders, and our customers, suppliers and partners. Thank you all.

Andrew Knott
Chief Executive Officer
7 June 2022



Featured article

Guest authored by NJ Ayuk*

Combatting Energy POVERTY in Africa



NJ Ayuk

Executive Chairman at African Energy Chamber, CEO of Centurion Law Group

Biography

NJ Ayuk is Executive Chairman of the African Energy Chamber, CEO of pan-African corporate law conglomerate, Centurion Law Group, and the author of 'Big Barrels' as well as Amazon and Wall Street Journal's bestselling 'Billions at Play: The Future of African Energy and Doing Deals'.

Natural gas and renewables will shape our energy future together

There is an African proverb that says, "the chameleon changes to resemble the world, the world doesn't change to resemble the chameleon".

This has perhaps never been truer than during the past few years. We have all been chameleons, adapting to the previously unforeseen forces of a global pandemic. We have worked from home, kept our distance when we did venture out, made masks a part of our daily attire, and learned to live with the shortages stemming from global supply chain issues.

We had no choice but to adjust to what the world was handing us, no matter how much we wanted the world to bend to our will instead.

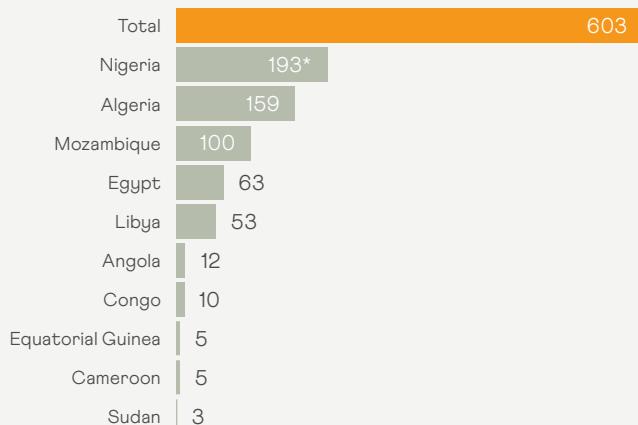
And just as it looked like Covid-19 was finally receding and some semblance of normality was being restored, we were thrown yet another curveball with Russia's invasion of Ukraine.

It goes without saying that the incalculable human toll overshadows any other consequences of Russian invasion. Still, in our interconnected global society, even those of us thousands of miles from Kyiv, Odessa, or Mariupol are feeling the economic fallout from the war. We've been plunged into a cost-of-living catastrophe, facing a level of inflation not seen in decades. Clearly, much of it relates to shutdowns of Russian energy or sanctions against it, which have increased oil prices and sent natural gas to new records, leading to skyrocketing transportation and food costs.

Given the fact that many member states of the European Union ("EU") rely heavily on Russian energy, especially natural gas, the stakes are even higher.



Natural gas reserves in Africa as of 2021, by main country (in Tscf)



Sources: Statista 2022, *BP Statistical Review 2021.

The Russia effect

In 2021, Russia was the largest exporter of both oil and natural gas to the EU with 40% of the natural gas used in the EU imported from Russia¹. Since the war in Ukraine (financed at least in part by Europe's energy purchases), Europe has been working to wean itself off of Russian energy — something that is both a pragmatic ideal and long overdue. The EU already banned Russian coal and is toying with the idea of an oil embargo.

As for cutting off supplies of natural gas, that's not on the table, at least not yet. Before the EU can even consider such a move, it has to be certain other producers are able to fill the gap.

No surprise it is looking to Africa to step in. After all, the African continent holds more than 9% of the world's natural gas reserves, totalling more than 600 Tscf in 2021¹. This represents a tremendous amount of capacity for heating European homes and firing up manufacturing processes.

It helps too that Europe already has an energy import relationship with Africa, taking in both crude oil and natural gas, plus a growing volume of liquified natural gas ("LNG"). In 2021, for example, Nigeria exported 12.63 billion cubic meters (bcm) of LNG to Europe². Granted, Russia sent nearly 31 times that amount during the same period, but when Putin started his sabre-rattling in February 2022, talks began between Nigeria and the EU to increase exports.

Ironically, just months ago, European climate activists were calling for an outright ban on funding African oil and gas projects, saying that fossil fuels had no place in their ambitious plans for a net-zero society.

Europe, of course, has valid concerns about the effects of climate change. But in 2021, amid climbing commodity prices and low wind power output, many European nations found themselves making a sudden about-face and resorting to burning coal to meet their energy needs, rather than clean and reliable natural gas.

That led to a revision of how the EU defines "green energy." Today, according to EU standards, green energy doesn't refer just to wind or solar: Nuclear energy and natural gas can be considered green energy as long as they emit less than 270 grams of carbon dioxide per kilowatt-hour.

In essence, Europe — which had been pressing energy companies to exit Africa and prohibiting investment there — has put out the welcome mat for African natural gas as a cleaner fuel.

Chameleon, meet world.

A new take on African energy

Europe's increasing interest in African natural gas came more fully into focus in April, when Italian energy Supermajor Eni signed two deals, one with Algeria's Sonatrach and the other with the Egyptian Natural Gas Holding Company, to promote gas exports to Europe. The Sonatrach agreement alone represents 12% of Italy's 2021 gas consumption³.

The fact that Algeria already supplies gas to Italy through pipelines facilitates the transport of additional product. In other parts of Africa, though, the lack of pipeline infrastructure remains a barrier to expanding exports.

Currently, there are only four pipelines that transport gas directly from Africa to Europe, all of them located in North Africa. It will take a concerted effort, as well as dedicated funding, to build pipelines in sub-Saharan Africa and connect them with the existing network.

Some of that work is already underway.

For example, the 614km Ajaokuta–Kaduna–Kano (AKK) pipeline will transport natural gas from southern Nigeria to central Nigeria. It is Phase One of the 1,300km Trans-Nigerian Gas Pipeline (TNGP) project, which will use Nigeria's surplus gas resources for power generation and consumption by domestic customers, and part of the proposed 4,401km Trans-Saharan Gas Pipeline (TSGP) to export natural gas — as much as 30 billion cubic meters — to customers in Europe.

“After all, the African continent holds more than 9% of the world’s natural gas reserves, totalling more than 620 Tscf in 2021. This represents a tremendous amount of capacity for heating European homes and firing up manufacturing processes.”

NJ Ayuk



Featured article continued

Guest authored by NJ Ayuk



His Excellency Former President Issoufou Mahamadou signing the Niger-Benin oil pipeline at the first stone ceremony for the Niger-Benin pipeline ceremony held in Koulélé, Agadem, Niger in September 2019. The c. 2000km export pipeline is expected to transform Niger into a major oil producer in West Africa, delivering significant economic growth for the country and the people of Niger

A new take on African energy continued

The AKK pipeline is expected to cost US\$2.5 billion, most of that funded by Chinese banks⁴. China, in fact, is the top lender to the continent, holding 21% of Africa's external debt⁴.

While Beijing has been, so far at least, willing to refinance debt in the post-pandemic economy, the continent remains vulnerable to China's whims. We have to ask ourselves if it really makes sense for African gas to be transported to Europe on pipelines paid for by China, especially when the possibility of at least one home-grown alternative exists: African energy banks⁴.

Inspiration for what I'm talking about is as close as the African Export Import Bank (Afreximbank).

An African solution for Africa

Founded in 1993 through a consortium of African governments and public and private investors, Afrximbank finances and promotes intra-African and extra-African trade. Between 2015 and 2019 alone, Afrximbank disbursed more than US\$30 billion in support of African trade, including more than US\$15 billion for the financing and promotion of intra-Africa trade⁵.

I believe that by financing natural gas, oil, and renewable energy projects, African energy banks will advance the continent's energy sector, accelerate Europe's pivot away from Russian energy, and bring Africa out of entrenched energy and economic poverty. In addition to achieving these critical objectives, national energy banks will also send a clear signal to the marketplace that Africans can become leaders in scaling up private capital.

The likelihood of African energy projects receiving African funding is greater than ever. I say that because that is one of the primary goals of the newly formed Team-Africa Energy Initiative, a partnership of the African Energy Chamber, the United Nations ("UN") Economic Commission for Africa, and the secretariat of international organisation Sustainable Energy for All. Team-Energy Africa Initiative plans to support African states that embrace sustainability and pro-investment policies by unlocking capital for their clean energy projects. Harnessing their business relationships and connections, initiative members will encourage cooperation among Africa's private sector and African states, along with development partners and international financiers, to mobilise much-needed clean energy finance.

“I believe that by financing natural gas, oil and renewable energy projects, African energy banks will advance the continent's energy sector, accelerate Europe's pivot away from Russian energy and bring Africa out of entrenched energy and economic poverty.”

NJ Ayuk

To be clear, though, when I say, “clean energy,” I am not only referring to solar, wind, and hydrogen power, but also to natural gas, which as I say earlier, is starting to gain acceptance as a form of “green energy”. The Team-Energy Africa Initiative was founded upon the idea that discussions about Africa's energy future must factor in Africa's unique needs and priorities. Natural gas still has a major role to play in gas-to-power projects to help alleviate Africa's widespread energy poverty, along with economic growth and industrialisation. So, for now, directing capital to African gas projects remains critically important.

We are seeing the results now of the West's aggressive push to halt African oil and gas investment in the name of climate protection. The boycott, if you will, caused production to stagnate in several African nations. Equally disconcerting, planned African capital expenditures for oil and gas projects fell by one-third, from US\$90 billion in 2020 to US\$60 billion in 2021⁶.



Despite that, however, Africa has remained a premier target for exploration activity and recent successes are giving companies something to build on.

Africa has the potential to provide power to its people and energy to more of the world. Scaling up investment can turn that potential into reality.

Renewables in the mix

Having eager European markets for African natural gas represents a tremendous opportunity. At the same time though the world expects Africa to accelerate our energy transition away from fossil fuels, even though energy use is so low that in some places the average person consumes less energy per year than a single American refrigerator⁷. Altogether, sub-Saharan Africa generates just 4% of global carbon emissions⁷.

This puts Africa at a crossroads. We feel that we should transition on our own timetable and without abandoning our natural resources. The road to renewable energy should not be littered with the economic well-being, energy security, and stability of the world's developing nations.

Yet we do have a responsibility as a global citizen to work towards net-zero. And we know that there are ample benefits of mitigating climate change other than the obvious.

For example, increasing the production and use of renewables stands to result in job creation, economic growth, and social and health benefits. The International Renewable Energy Agency ("IRENA") says that renewables will create 45 million jobs around the world by 2050 and lead to a 2.4% rise in global GDP⁸. And, frankly, without a strong, diverse energy mix, we won't be able to produce enough electricity to support the forecast doubling of the population over the next 25 years.

Although we lag behind the West slightly in terms of wind and solar, progress toward a more renewable Africa is heartening.

Look at Niger, which has joined with Savannah to develop the country's first wind farm. It's slated to generate 250 MW that will be incorporated into the national and regional electricity grid. Not only will this help alleviate energy poverty in West Africa, but it is also expected to be an example for other renewable-rich countries.

To expand on that potential, a consortium led by the African Energy Chamber has established the Green Energy Dialogue Initiative. It marks a significant step for the African energy sector, creating new opportunities for an enhanced conversation about green energy and paving the way for accelerated investment and development across the green energy space in Africa. Founding members include the Ministry of Hydrocarbons of the Republic of Congo, the Ministry of Mines and Hydrocarbons of Equatorial Guinea, the Ministry of Petroleum and Energy of Senegal, and the office of the special representative of German Chancellor, Olaf Scholz, in Africa.

Developing our renewable resources speaks to the importance of diversity — as we are seeing right now, a lack of producer diversity and overreliance on a single source (or even a single resource) is a risky venture with sweeping implications. In this world, there's a place for fossil fuels and renewables in a sustainable and balanced energy mix and, like a chameleon, Africa is changing to adapt to both.



Savannah's Uquo Central Processing Facility in Nigeria which delivers gas enabling over 10% of thermal power generation in Nigeria



Business model

We seek to realise SUSTAINABLE value for our stakeholders through the successful delivery of material energy projects in Africa

Our resources and relationships

Investors

57%

Top 10 institutional investors hold 57% of total shares outstanding¹

US\$524.3m

Total debt being provided by a group of 12 lenders, plus a listed bond

Assets

US\$1.3bn

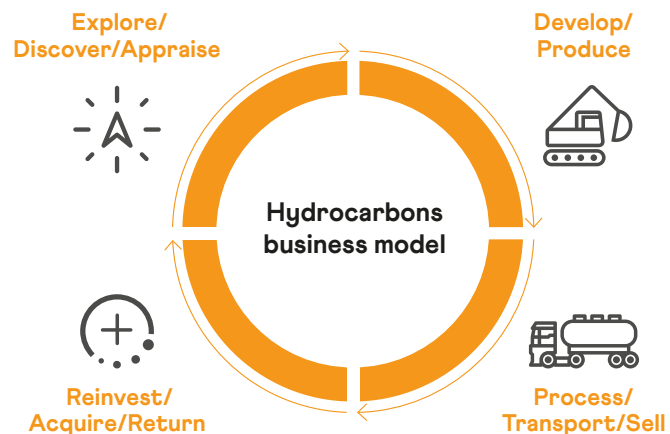
Total Group assets

- Combined 2P reserves and 2C resources of 171 MMboe with a reserve life of 29.6 years
- Two producing oil and gas fields in Nigeria
- 22.3 Kboepd average daily production in 2021
- Central gas processing facility with 200 MMscfpd production capacity and c. 260km gas transportation and distribution network
- Five undeveloped discoveries in Niger, with a total of 146 further potential exploration targets

People

230

What we do:



Explore/Discover/Appraise

Through the acquisition of seismic and other geophysical data and detailed subsurface studies, we build exploration portfolios and identify drilling targets. Through exploration and appraisal drilling we find oil and gas reserves and resources to be produced and monetised in the future.

Develop/Produce

We drill wells and install facilities to enable oil and gas reserves to be produced.

Process/Transport/Sell

We invest in infrastructure to process and transport oil and gas production to end customers.

Reinvest/Acquire/Return

Our reinvestment strategy is to prioritise opportunities that have the potential to deliver high quality cash flows and are net asset value-accretive. To this end, we will reinvest in projects that extend the economic life of our existing asset base and we will acquire assets that either have synergies with our existing portfolio, or represent new ventures which are aligned with our corporate purpose and strategy.

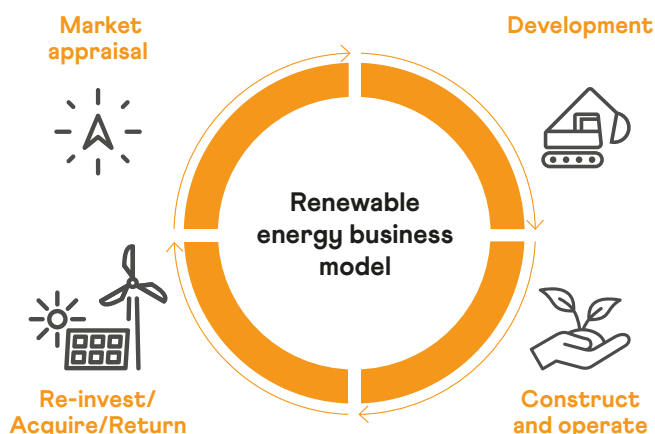
Our values



Excellence



Sustainability



Market appraisal

We assess the electricity market and identify utility-scale project opportunities in an appropriate technology, in terms of solar, wind or hydro.

Development

We seek a preliminary agreement with an offtaker, typically a host government, to confirm interest in purchasing power from a project on an Independent Power Producer basis. Technical, environmental and social studies are then carried out to assess project feasibility. At the end of the feasibility study, we aim to propose, and agree a competitive electricity tariff with our customer and enter into a long-term power purchase agreement with them.

Construct and operate

The construction phase will typically take one to two years for a solar or wind project, potentially many more for a hydro project.

Reinvest/Acquire/Return

Our reinvestment strategy is to prioritise opportunities that have the potential to deliver high quality cash flows and are net asset value-accretive. To this end, we will reinvest in projects that extend the economic life of our existing asset base and we will acquire assets that either have synergies with our existing portfolio, or represent new ventures which are aligned with our corporate purpose and strategy.

» Read more about our Nigeria operations on page 52

» Read more about our wind farm on page 51

The value we create for our stakeholders

Our people

- Our employees received a total of 6,104 hours of training in 2021 or an average of 26.5 training hours per employee, which included compliance training for anti-bribery and corruption, whistleblowing and data protection/privacy, as well as training for a variety of IT skills
- Zero incidents recorded for the Lost Time Injury Rate ("LTIR") in 2021 and a 2021 Total Recordable Incident Rate ("TRIR") of 0.34 per 200,000 man-hours

Our host countries and communities

- We supplied gas to enable over 10% of Nigeria's thermal power generation in 2021
- US\$1.6 billion² investment in Nigeria and Niger assets made since 2014
- US\$624 million total contributions^(d) to Nigeria and Niger since 2014 in the form of payments to governments, employee salaries and payments to local suppliers and contractors
- 98 local communities positively impacted by our 8 social impact projects in 2021

Governments, local authorities and regulators

- US\$174 million of payments to governments in Nigeria and Niger since 2014³

Our shareholders and lenders

- Cash flow from operating activities of US\$128.1 million in FY 2021

Our customers, suppliers and partners

- We are a reliable supplier with a track record of meeting 100% of all customer nominations since first gas delivery in 2014
- Commenced deliveries to our new power customer First Independent Power Limited ("FIPL") and post-year end extended our gas sales agreement to cover three FIPL power stations in Nigeria
- New gas sales agreements signed with Mulak Energy Limited and, post-year end, with the Central Horizon Gas Company and TransAfam Power Limited
- Agreements signed post-year end for a feasibility study to construct an up to 250 MW wind farm in Niger and for up to 500 MW of solar and wind projects in Chad
- Successful ongoing partnerships with Africa Infrastructure Investment Managers, a leading African-focused private equity firm, and Sinopec, the Chinese national oil company

» Read more about our strategy on page 28



Entrepreneurialism



Integrity



Teamwork



DIGITAL Savannah

As we grow, we are focused on improving processes and procedures through the adoption of technology throughout the business.

During 2021 we commenced a significant investment in our technology and have embarked on a major transformation project, which we call "Digital Savannah". Digital Savannah will enable us to optimise our current operations whilst also building the technology infrastructure to manage and support the future growth of the business.

We recognise the importance of data and the role artificial intelligence plays in making data driven decisions and are firmly placing this at the heart of our digital strategy.

Our first step is the introduction of a Group wide enterprise resource planning tool (SAP) by the end of 2022. This will provide the necessary data-driven platform to manage and optimise our processes and allow us to further develop our six key focus areas.

The completion of this workstream will provide the foundation for the implementation of a digital twin which will involve creating a virtual model of the business. This will provide us with data-driven insights, enabling us to optimise performance and better manage our operations in a safe, secure and environmentally sustainable manner.

Jason Wilkins
Chief Information Officer



Digital Savannah comprises six key focus areas:

Operations

Embedding enhanced technologies in our operating facilities to ensure we acquire and analyse real-time data, that will help us make the right decisions to optimise operations.

Technical

Using predictive technologies to aid subsurface engineering analysis.

Workforce

Using data and analytics tools to improve efficiency and collaboration among our teams.

Technology

Adopting a data driven, cloud-based platform, with a support function that minimises operating costs.

Support functions

Developing industry-leading, Group-wide business processes and technologies, to support our operations.

Acquisitions

Ensuring a standardised and structured approach to integration planning, enabling us to implement our systems and processes across acquired assets in a timely and efficient manner.

Strategy in action

Plant digitalisation in Nigeria

On target for Uquo

In Nigeria we are modernising our well sites at the Uquo field by digitally connecting them to our Central Processing Facility (“CPF”), replacing analogue gauges with digital, and installing additional sensors to enhance the data points gathered.

Data can then be extracted from the CPF and well sites into our data reservoir to enable central monitoring and analysis by our teams wherever they are across our business.

As a result, we expect to benefit from the optimisation of the plant, reduced downtime and greater automation of environmental monitoring.

This project is set to be completed by the end of 2022 and will act as the catalyst for the deployment of Digital Savannah to the rest of our operational sites across the business.

[» Read more](#) about our strategy on page 28

L-R: Evans John, Corporate and Social Responsibility Advisor, Edem Ntekim, Corporate and Social Responsibility Advisor Uyo office, Nigeria





Our strategy and key performance indicators

STRONG and sustainable performance

Strategic objectives and key risks	2021 KPIs	2021 Performance	2022 KPIs
Deliver value safely and sustainably 11 12 13 14 15	<ul style="list-style-type: none"> - Operate safely and in an environmentally appropriate manner - Maintain social licence to operate - Increased investment in the training and development of our people to support our medium and long-term growth plans - Roll out enhanced sustainability reporting and performance framework across the Group 	<ul style="list-style-type: none"> ✓ Zero incidents recorded for the Lost Time Injury Rate ("LTIR") (2020: zero) and a Total Recordable Incident Rate ("TRIR") of 0.34 per 200,000 man-hours (2020: 0.28 per 200,000 man-hours) ✓ Total Contributions^(d) to host country stakeholders (governments, employees and suppliers) of US\$55.1 million (2020: US\$49.3 million) ✓ Established a multimillion-dollar, world class training scheme across our whole business for 2021-2023, resulting in a 44% increase in training hours per employee from 18.5 hours per employee in 2020 to 26.5 hours per employee in 2021 and a 57% increase in total working hours of training ✓ Launch of refocused sustainability strategy and roll out of new ESG framework 	<ul style="list-style-type: none"> - Operate safely and in an environmentally appropriate manner - Maintain social licence to operate - Maintain investment in the training and development of our people to support our medium and long-term growth plans - Publish disclosure reports for our chosen ESG standards
Optimise existing portfolio performance 5 6 7 8	<ul style="list-style-type: none"> - Progress the compression project in Nigeria for completion in 2022 - Drill an additional gas supply well on the Uquo Field 	<ul style="list-style-type: none"> ✓ Uquo-11 gas well completed. The well is now in production ✓ Acquired compressor packages and completed FEED studies for a cost of c. US\$15 million ✓ Long-lead items fully specified, ready for order, which will progress the compression project to the Detailed Design Phase ✓ At the end of 2021, compression project on track for completion in 2022. Note: in 2022, a decision was made to defer completion of Compression project until 2024 	<ul style="list-style-type: none"> - Progress the compression project in Nigeria for completion in 2024 - Maintain gas production capacity in Nigeria at required levels
Other significant achievements		<ul style="list-style-type: none"> ✓ Organic 2P reserve upgrade resulting in a 33% increase on the Uquo field and a 20% increase in Nigeria 2P reserves¹ 	

Key risk legend

① Country

② Acquisitions

③ Reserves and resources

④ Exploration and appraisal

⑤ Capital projects

⑥ Industrial action

⑦ Supply interruption

⑧ Foreign exchange

⑨ Gas sales agreements

⑩ Liquidity

⑪ Ethical conduct

⑫ HSSE and our social "licence to operate"

⑬ Cyber security and data protection

⑭ ESG and climate change

⑮ Organisation

2021 performance versus financial guidance

Total Revenues^(a) (US\$m)

+12%

Actual 230.5

Guidance >205

Group operating expenses plus administrative expenses^(a) (US\$m)

-20%

Actual 49.9

Guidance 55-65



Strategic objectives and key risks	2021 KPIs	2021 Performance	2022 KPIs
Deliver organic growth 1 3 4 5 9 15	<ul style="list-style-type: none"> - Deliver first gas to FIPL Afam - Finalise the new Niger PSC contractual and commercial framework - Progress the R3 East development 	<ul style="list-style-type: none"> ✓ First gas to FIPL Afam delivered in November 2021 ✓ Niger PSC contractual and commercial framework completed and finalised prior to readmission. Commercial terms agreed and announced in September 2021 ~ R3 East Development project planning continued but field operations did not recommence. However, the R1234 PSC was re-awarded and significant subsurface study work completed ✓ New GSA with Mulak Energy Limited 	<ul style="list-style-type: none"> - Progress large scale greenfield renewable energy deals targeting up to 500 MW+ of power generation - Add further new customer(s) to Accugas - Progress the R3 East development towards first oil in 2023
Other significant achievements			
Deliver value accretive inorganic growth 2	<ul style="list-style-type: none"> - Actively review >20 potential growth opportunities - Deliver at least one materially accretive growth opportunity 	<ul style="list-style-type: none"> ✓ 21 new business opportunities reviewed ✓ Share Purchase Agreements (“SPAs”) signed with ExxonMobil Corporation and PETRONAS (E&P) Overseas Ventures SDN BDH. relating to the purchase of each of their entire upstream and midstream asset portfolios in Chad and Cameroon ✓ Establishment of new Renewable Energy Division 	<ul style="list-style-type: none"> - Actively review >20 potential inorganic opportunities - Deliver at least one materially accretive growth opportunity - Completion of Chad Cameroon acquisition
Other significant achievements			
Provide cash returns to shareholders 8 9 10	<ul style="list-style-type: none"> - Deliver Group financial guidance for 2021 - Refinancing our US\$371.0 million Accugas debt facility 	<ul style="list-style-type: none"> ✓ Strong operational and financial performance in 2021, significantly ahead of the financial guidance set for the year: ✓ Refinancing framework and structure agreed with investment grade rating secured for Accugas Limited. Significant progress achieved pending completion during H2 2022 	<ul style="list-style-type: none"> - Deliver Group financial guidance for 2022 - Refinancing our US\$371.0 million Accugas debt facility - Pay a minimum dividend to shareholders of US\$10.0 million in respect of FY 2022

» Read more about our remuneration policy on page 91

Group depreciation, depletion and amortisation (based on actual 2021 production) (US\$m)

-7%

Actual	36.2
Guidance	38.7

Capital expenditure (cash) (US\$m)

-50%

Actual	32.5
Guidance	<65



Stakeholder engagement

Maintaining EXCELLENT relationships with our key stakeholders is a priority for the business

Why we engage

How we engage



Our people

As of 31 December 2021, we employed 230 people across the Group.

Why we engage

Our employees bring a broad range of experience, expertise and perspective to Savannah that contributes to our collective values and culture and is essential to the delivery of our strategic objectives. We recognise that employees are the cornerstone of our business. We engage with our employees in a variety of ways to ensure that they are well informed, motivated and appropriately developed to execute our strategy such that we are able to deliver on the long-term goals of the business. The Board is updated regularly via the Health, Safety, Security and Environment (“HSSE”) Committee on health and safety matters.

We have an open, collaborative and inclusive management structure and engage regularly with our employees. We do this through a variety of methods including a continuous feedback performance management process, structured career conversations, CEO internal announcements, town hall sessions, employee surveys, a corporate intranet site, Company presentations, away days, an employee newsletter and our training and wellbeing programmes. During the year we also engaged through our Group-wide intranet site and continued our monthly “Lunch and Learn” sessions for all Group employees, which included external guest speakers.

We provide an independent “Speak Up” whistleblowing service to enable all employees to report any concerns they may have relating to ethics, compliance and significant workplace issues.



Section 172 statement

Section 172 of the Companies Act 2006 ("S172") requires Savannah's Directors to act in good faith and in the way that they consider to be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard to the interests of other stakeholders. The Directors should also consider the desirability of maintaining high standards of business conduct and the likely long-term consequences of their decisions.

In the table below we set out our key stakeholder groups and how we engage with each of them. Each type of engagement is designed to foster effective and mutually beneficial relationships, so that we continue to work effectively with our people, our host countries and communities, governments, local authorities and regulators, our shareholders and lenders, and our customers, suppliers and partners.

Acting in a fair and responsible manner is a core element of our business practice. More details can be found in our Sustainability Review on page 36 Information on how the Board works and makes decisions can be found on page 85.

The key material issues for our stakeholders are that Savannah:

Outcomes of engagement

- Maintains a healthy, safe and secure working environment;
- Treats all employees in a fair and transparent manner;
- Provides business appropriate training and career development opportunities;
- Retains its entrepreneurial and performance-driven culture;
- Is a successful company which our employees are proud to be associated with;
- Provides opportunities for employees to share ideas for business improvements with senior management; and
- Maintains, develops and appropriately incentivises human talent to deliver upon the above.

The Company's initiatives supported, informed and motivated our employees through a difficult year. Our employee engagement helped the business to continue to function successfully during 2021 and produce a set of robust results despite the ongoing Covid-19 pandemic.



Stakeholder engagement continued

Why we engage



Our host countries and communities

Our current host countries are Nigeria and Niger in West Africa, which are soon expected to be joined by Chad and Cameroon in Central Africa. We work closely with the local communities in our current areas of operation in both countries. In South East Nigeria our footprint communities cover 22 Local Government Areas (“LGAs”) and their paramount rulers in Akwa Ibom and Cross Rivers States. Within the LGAs there are 252 local communities, each with its village head, and 50 clan heads. Key stakeholders also include various local interest groups representing youths and women, opinion leaders, social cultural groups and government agencies. In Niger we work with 13 local communities in and around N’Gourti within the Diffa region, which is located in the south-east of the country. We also liaise with in-country non-governmental organisations.

Why we engage

Engagement is key to maintaining our social licence to operate. Our corporate philosophy is based on the conviction that our projects should benefit all of our stakeholders, particularly our host countries and the local communities in which we operate. Acting in a responsible manner towards our stakeholders is seen as critical to the ongoing effectiveness of our operations.

How we engage

We take a constructive and positive approach to working with local communities, seeking to maintain good relationships with them all.

We engage with the local communities in which we operate via our social impact programmes in Nigeria and Niger. We maintain our social licence to operate by ensuring that our policies on safety, the environment and human rights are followed to the highest standards in our operations, projects and activities. Our social impact investment focuses on improving local living standards via health, education and agricultural initiatives, as well as the provision of drinking water and local infrastructure projects. Our projects also provide skills training to foster future economic self-sufficiency. In addition, we have implemented a local content policy designed to ensure that, wherever possible and appropriate, we prioritise qualified local people as employees and suppliers.

Regular engagement meetings are held with the local communities in which we operate to discuss and manage any concerns. These meetings also help us keep local stakeholders updated as we progress in our operations and projects. This process is also applicable to our local project contractors who engage with the communities as often as required. The regular interaction, through both formal and informal engagement meetings with local stakeholders, allows us to address any actual and/or perceived issues or concerns they may have, ensuring that our social licence to operate is maintained. The participatory principle is always applied, and where it operates Savannah deploys the stakeholder engagement and grievance management procedures in all engagement forums.



Governments, local authorities and regulators

We engage with over 49 stakeholders within the federal, state and local government as well as other national entities in Nigeria. In Niger, we engage with over 50 stakeholders within the national government and local authorities, including the chiefs of the 13 tribes located within our asset areas. In the UK, we engage with various governmental departments, primarily, those providing assistance and support to UK companies operating abroad.

Why we engage

To maintain Savannah’s social and legal licences to operate and to build collaborative partnerships with government agencies that generates value for both parties.

We take a proactive and constructive approach to working with national and local authorities, as well as regulators in Nigeria and Niger. We contribute to government and local authorities in the countries in which we operate in the form of royalties, taxes and fees every year. Our cumulative payments to local governments in Nigeria and Niger since 2014 total US\$173.8 million.



The key material issues for our stakeholders are that Savannah:

Outcomes of engagement

- Delivers local and national economic benefits;
- Safeguards the environment; and
- Acts as a responsible neighbour and good corporate citizen.

The engagement process further strengthened the existing relationships between the Company and the local communities in which we operate in Nigeria and Niger.

- Interacts in an appropriately open and transparent manner with these stakeholders;
- Has in place the policies and procedures to ensure internationally recognised practices are followed by our people and that local laws are complied with;
- Operates in a healthy, safe and secure manner;
- Contributes towards national and local economic development; and
- Secures required approvals and licence renewals from regulatory bodies to maintain our regulatory licence to operate.

Sustained cordial and productive working relationships were maintained with the various government agencies we interact with in Nigeria and Niger. In Niger, on 29 September 2021, the Niger Ministry of Petroleum amalgamated Savannah's four licence areas (covered by the previous R1/R2 PSC and the R3/R4 PSC) into a single PSC (R1234), valid for up to a further 10 years. This lays the foundation for an anticipated new investment programme in our R3 East development in 2022. Post-year end, in March 2022, we signed an agreement with the Niger Government for the country's first wind farm.



Stakeholder engagement continued

Why we engage



Our shareholders and lenders

Our shareholders include both institutional and retail investors who are principally based in the UK and US. Our top ten institutional shareholders account for approximately 57% of our shareholder base. We have a group of 12 lenders consisting of West African and UK-based banks and institutions, plus a listed bond.

Why we engage

We believe that maintaining a regular and transparent dialogue with our shareholders and lenders is essential in order to earn and retain their confidence. In line with the QCA Corporate Governance Code, the Board must manage shareholders' expectations and should try to understand the purpose behind their voting decisions.

The lenders are an important source of funding for the Group's operations. In addition, we benefit from their advice and experience of other cash management and risk mitigation tools in the markets in which we operate.

How we engage

Our investor relations programme is designed to answer investor queries and provide public disclosure on results and other material developments within the business as well as ensuring that shareholders' views are communicated to our Board and considered in the Company's decision making. Our investor relations programme includes regular updates, calls, meetings, investor roadshows and our Annual General Meeting as well as participation in investor and industry conferences. In adherence to Covid-19 protocols as appropriate, the Company held several virtual investor roadshows during the year with investors in the UK, the US, Europe and South Africa. In particular, we conducted a successful deal roadshow in December 2021 in connection with our proposed acquisitions in Chad and Cameroon. We also engaged with several of our investors ESG and stewardship teams during the year, including ahead of the 2021 AGM and post-year end the General Meeting to approve the proposed acquisitions in Chad and Cameroon. Regular contact is maintained with our lenders through a combination of physical and virtual meetings.



Our customers, suppliers and partners

Our customers in Nigeria include Calabar Generation Company Limited, Lafarge Africa PLC, Ibom Power Company Limited, First Independent Power Limited and ExxonMobil. We also signed a new GSA in 2021 with Mulak Energy Limited and post-year end a new GSA with the Central Horizon Gas Company Limited in February 2022 and a new GSA with TransAfam Power Limited in June 2022.

Our partners include: African Infrastructure Investment Managers ("AIIM"), which holds a 20% interest in each of Accugas Limited and Savannah Energy Uquo Gas Limited; and Sinopec International Petroleum Exploration and Production Company Nigeria Limited, our 49% partner in the Stubb Creek field. We work with a wide range of suppliers in Nigeria, Niger and the UK.

Why we engage

We engage with our customers, suppliers and partners to meet our strategic objectives, grow our business and enable the smooth running of our operations.

Our senior management team engages in regular meetings with our customers, suppliers and partners, and we also participate in local industry events. The purpose of this engagement is to establish, manage and maintain relationships with these important stakeholder groups.

In Nigeria, our Commercial team is responsible for identifying and marketing our unique selling proposition of being "a reliable, cost-effective, clean energy to power growth company" to potential new customers.

Supply chain procedures are in place which govern all procurements for goods and services and we have a comprehensive vendor contracting strategy in place. These ensure that ethical, regulatory and best practices are strictly adhered to.



The key material issues for our stakeholders are that Savannah:

- Delivers robust long-term share price performance and adopts a strategy, culture and business model designed to enable this;
- Maintains appropriate operational, financial and sustainability reporting procedures; and
- Actively engages with lenders to secure appropriate debt facilities.



Savannah and guests attending the Chartered Governance Institute UK & Ireland ("CGI") Awards UK, November 2021

Outcomes of engagement

Engagement levels between shareholders and the Company were high, with well attended virtual events. In particular, the depth of our relationships with equity investors and lenders was demonstrated by the highly successful US\$65 million equity raise we achieved in December 2021, together with the debt funding commitment of up to US\$432 million in connection with our proposed acquisitions in Chad and Cameroon.

In recognition of our engagement efforts, Savannah was delighted to be nominated for "Best Annual Report 2020 (AIM)" by the Investor Relations Society, while our sustainability reporting was shortlisted for "ESG Initiative of the Year" at the Chartered Governance Institute UK & Ireland ("CGI") Awards in November 2021. Additionally, at the time of writing, Savannah has been shortlisted for "Best ESG Materiality Reporting (Small Cap)" at the forthcoming IR Magazine Awards - Europe 2022, placing our Investor Relations team among the top teams in Europe.



This year we have been shortlisted for an IR Magazine award – Best ESG Materiality Reporting (Small Cap)

- Is a reliable business counter party;
- Operates in a safe, secure and compliant manner;
- Is straight forward to engage with; and
- In Nigeria, provides a consistent and stable delivery of on-specification, non-associated gas to our customers.

We were able to deliver on all of our principal customer, supplier and partner facing KPI metrics. The strength of our customer relationships and gas supply reliability is underscored by the extension of our GSA with First Independent Power Limited ("FIPL") post-year end, following our delivery of first gas to its FIPL Afam power plant in November 2021, which saw an almost doubling of our gas supply under the revised GSA to up to 65 MMscfpd and the extension of our coverage to three of FIPL's power plants in Rivers State. We also signed Mulak Energy Limited as a new customer in 2021 and post-year end the Central Horizon Gas Company and Trans Afam Power Limited in 2022.



Sustainability review

STRENGTHENING our sustainability strategy

Introduction

At Savannah, sustainability underpins everything we do. Following the acquisition of our Nigerian assets in 2019, the Company developed a comprehensive approach to sustainability in 2020, building on our track record in the previous decade. Our sustainability strategy was based on our first materiality assessment conducted in late 2021/early 2022, in which we engaged internal and external stakeholders. This allowed us to prioritise 12 material issues and an additional eight to report on, which you can find on page 62 of the Savannah Energy PLC Annual Report & Accounts 2020.

Refocusing our sustainability strategy

The focus in 2021 was on articulating our level of ambition across our sustainability strategy. Having grouped our material issues in four pillars, we conducted an exercise to benchmark the Company's performance against industry peers and leaders. This enabled us to develop a refocused strategy with a clearer sense of our ambitions in each area, which you can find detailed in this section. In particular, we've identified our key performance metrics linked to our ambitions and relevant UN Sustainable Development Goals ("UN SDGs"). This helps us form a more comprehensive picture of our performance and progress.



Material issues	<ul style="list-style-type: none"> - Socio-economic prosperity - Tax transparency and contribution - Community engagement and development - Local content and responsible procurement 	<ul style="list-style-type: none"> - Health and safety - Security and human rights 	<ul style="list-style-type: none"> - Workforce culture and engagement - Training and development - Diversity and equality 	<ul style="list-style-type: none"> - GHG emissions - Biodiversity - Water management
Ambitions	<ul style="list-style-type: none"> - Make a positive difference to the socio-economic development of our host countries - Build strong and meaningful relationships with our local communities based on mutual trust and benefit - Enhance value creation potential by championing the development of local content 	<ul style="list-style-type: none"> - Continually prioritise and improve upon the safety and security of our work environment 	<ul style="list-style-type: none"> - Cultivate a winning and inclusive culture to position our employees and the business for success - Recruit, develop and retain the best talent through our commitment to professional development 	<ul style="list-style-type: none"> - Deliver a cleaner performance by minimising our GHG emissions - Monitor and manage our impacts on biodiversity and water
SDGs				



Michael Okonkwo, Operations Lead, Eric Ekine, Mechanic Technician. Ikot, Abasi Gas Receiving Facility (IGRF), Nigeria.

Improving our measurement and reporting

In 2021, we also strengthened the Company’s sustainability performance and reporting framework. With our partner World Wide Generation, we implemented a digital tool that allows us to track our performance on our key sustainability indicators on a month-by-month and country-by-country basis.

While anchoring our strategy around the 13 most relevant UN SDGs, we chose to integrate six additional sustainability reporting standards into our re-focused performance and reporting framework.

In recognition of our sustainability reporting efforts, Savannah was delighted to be shortlisted for “ESG Initiative of the Year” at the Chartered Governance Institute UK & Ireland (“CGI”) Awards in November 2021. Additionally, at the time of writing, Savannah has been shortlisted for “Best ESG Materiality Reporting (Small Cap)” at the forthcoming IR Magazine Awards – Europe 2022.

Governing sustainability at Savannah

Responsibility for the implementation of the strategy in each of the four sustainability pillars is placed with Savannah’s Executive Team and management. Sustainability is a standing agenda item at our quarterly Board meetings. The Health, Safety, Security and Environment Committee of the Board oversees compliance with the Company’s framework of policies, procedures, systems and controls in place around sustainability. This Committee, which meets quarterly, receives reports on progress and performance from management and liaises with the Audit and Risk Committee of the Board on the mitigation of sustainability-related risks.

Looking ahead to 2022

Savannah is committed to further strengthening our sustainability strategy. For 2022, we plan to set targets for our strategy with the help of our expanded baseline of sustainability KPIs. We plan to publish these targets during H2 2022.



“We invested heavily in sustainability in 2021. We not only strengthened our sustainability strategy but also enhanced our operational capacity and capability to drive positive change with key appointments and new digital tools.”

Andrew Knott
Chief Executive Officer



Sustainability review continued

1 Promoting socio-economic prosperity

The first pillar of our sustainability strategy is to promote socio-economic prosperity within the countries in which we operate. Savannah's gas enabled over 10% of Nigeria's thermal power generation in 2021. In Niger, we are participating in a wider energy sector project which is forecast to contribute up to 24% of Niger's GDP by 2025¹. In addition, we provide a positive economic contribution through tax payments and payments to our people, suppliers and contractors, and through our social impact projects.



2021 performance

- We supplied gas enabling over 10% of Nigeria's thermal power generation and continued to play a strategic role providing a stable and reliable supply of gas to power stations and industrial users
- Our total direct socio-economic contributions to our host countries increased by 12% to US\$55.1 million in 2021 (2020: US\$49.3 million)
- Savannah increased its investment by 53% in eight social impact projects (2020: 11) to US\$246,000 in 2021 (2020: US\$161,000)
- We spent US\$26.2 million in 2021 with local suppliers and contractors in Nigeria and Niger, up 57% (2020: US\$16.7 million)



2022 objectives

- Develop targeted impact metrics that further measure Savannah's contribution to socio-economic prosperity in our host communities and countries
- Set targets for the most appropriate and relevant sustainability key performance indicators in this area



Strategic objectives

- 1 2 3 4



Principal risks

- 4 5 7 9 11 12 14



Contribution to UN SDGs



Reporting metrics

- Total contributions in US\$
- Social impact investment in US\$
- Number of social impact projects
- Payments to local suppliers and contractors in US\$

Eric Ekine, Mechanic Technician, Ikot Abasi Gas Receiving Facility ("IGRF"), Nigeria

Creating IMPACT that matters

Our approach

Our ambition in the first pillar of our sustainability strategy is to make a positive difference to the socio-economic prosperity in our host communities and countries. Studies have shown the strong relationship between power consumption, income levels and broader human development metrics; ceteris paribus the higher a country's per capita power consumption, the higher both GDP per capita, human life expectancy and those metrics are expected to be. That is why we focus on providing our host countries with energy to drive socio-economic prosperity.

At a local and regional level, Savannah creates significant socio-economic impact. Our impact includes payments to employees, contractors and suppliers as well as social impact investment in community projects. This contribution has a multiplier effect, creating economic impacts in the wider community and economy of our host communities. Our approach here is built on strong and meaningful relationships with local communities based on mutual trust and benefit.

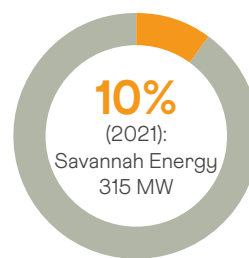
Using energy to drive prosperity

Savannah's gas enabled over 10% of Nigeria's thermal power generation in 2021, playing a strategic role in providing a reliable supply to power stations and industrial users as part of the Nigerian Federal Government's National Gas Policy and the "Decade of Gas" initiative announced in March 2021.

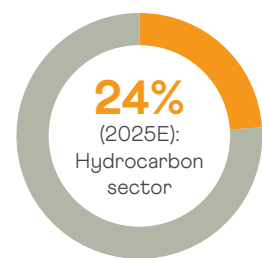
In Niger, the administration of His Excellency President Bazoum has focused on building an energy industry that has become the driving force of the country's social and economic strategy. We are participating in a wider energy sector project which is forecast to contribute up to 24% of Niger's GDP by 2025 and up to 45% of tax revenues¹. Post-year end we also announced plans to build and operate Niger's first wind farm, which is expected to increase Niger's on grid national

Our economic impact

Contribution to Nigeria's daily thermal power generation 2021



Estimated Niger GDP components 2025¹



electricity consumption by up to 40%, create 500 jobs in the construction phase alone and reduce the cost of electricity for ordinary Nigeriens.

In addition, we have announced our intention to acquire material energy projects in Chad and Cameroon, which contribute significantly to GDP, tax revenues and employment opportunities within their host countries.

Our performance in 2021

Savannah's socio-economic contributions to our host countries and communities can be measured by payments to local suppliers, contractors and employees, social impact projects and our tax payments. Despite the ongoing impact of the Covid-19 pandemic in 2021, our total direct economic contributions increased by 12% to US\$55.1 million compared to last year (2020: US\$49.3 million). This is primarily the result of an increase in payments to local suppliers as we increased production activity in Nigeria.

“At Savannah we focus on creating impact that matters through delivering reliable and value-for-money energy projects in Africa.”

Andrew Knott
Chief Executive Officer

Total Contributions (US\$m)

+12%



¹ Source: Republique Du Niger, Politique Pétrolière Nationale, December 2019



Sustainability review continued

Strategy in action



Okwudili Onyja, Communications Manager, Chidiadi Mgbemena, Treasury Coordinator, Lagos office, Nigeria.

Case study

Promotion of Local Content in Nigeria

Savannah's recruitment philosophy is to attract and retain the best talent within the industry because we pride ourselves in being a diverse and inclusive company whose people are its most important assets. In compliance with the Nigerian Oil and Gas Industry Content Development ("NOGICD") Act 2010 on local hiring, our recruitment process is fair, transparent and inclusive to ensure equal opportunity is afforded to all qualified Nigerians irrespective of gender.

Job opportunities are advertised both internally and via our website. All applications are reviewed and those who meet the key criteria of the advertised roles are invited for interview. The successful candidate matching the job description is made an offer in line with the recruitment framework.

In line with our vision of promoting socio-economic prosperity, supporting and developing our people, a Memorandum of Understanding ("MOU") was signed with the Akwa Ibom State Government and our host communities in the state which has enabled us to create employment opportunities, support skill acquisition programmes, provide grants/scholarships and also partner with our host communities to recruit and train at least 10 graduate engineers as interns in our facilities annually. This programme is a hands-on technical training that provides the interns with relevant skills and experience that will be useful to them and prepare them for future opportunities in related fields.

Making a local and regional difference

It is Savannah's policy to give first consideration to local people in its areas of operation. We also believe that promoting local employment and development opportunities drives prosperity. We employed 174 people in Nigeria (2020: 167), of whom 99% were local, and in Niger we employed 15 people (2020: 13), of whom 100% were local. Through formal training and on-the-job development with experienced Savannah employees, we build the capability of the local workforce in our host countries.

Savannah operates a global procurement policy across the Group as we have a significant supply chain impact. Last year, we spent US\$26.2 million (2020: US\$16.7 million) with local contractors and suppliers, up 57%. The policy ensures all our contractors and suppliers meet the same standards and practices for all our operations, with the exception of specific local regulations. This approach affords opportunities for shared optimisation across regions but also enforces high standards because we recognise that the nature and context of our business exposes us to the potential risk of fraud, bribery, modern slavery and human trafficking. In our centralised vendor performance management system, we actively monitor the performance of all our suppliers. Every four years we require re-qualification and in 2021 we screened 168 suppliers, 100% of which were re-appointed.

Strategy in action



Savannah Niger, with the staff of the National Reference Center for Obstetric Fistulas.

Case study

Supporting the National Reference Centre for Obstetrical Fistulas in Niger

As part of our investment in social impact projects in Niger, Savannah was pleased to recognise International Women's Day on 8 March 2021 by organising a donation of medical products and food items for women patients at the National Reference Center for Obstetrical Fistulas ("CNRFO") in Niamey, which treats over a hundred women with this condition. Obstetric fistulas have a devastating impact on affected women and their families, with many sufferers facing social exclusion. While obstetric fistulas are rare in the developed world due to high standards of obstetric care, it remains the prevalent cause of maternal morbidity in the developing world, with between 50,000 to 100,000 women affected each year, the majority of whom are from Africa and Asia.



“In the face of ongoing disruption due to the Covid-19 pandemic, Savannah increased its investment in social impact projects during 2021 supporting eight local projects in Nigeria and Niger.”

Nkoyo Etuk

Head of Stakeholder Relations and Regional Manager SE, Nigeria

Payments to local suppliers & contractors (US\$m)

+57%

2021	US\$26.2m
2020	US\$16.7m
2019	US\$10.3m

Investing in social impact

Although the Covid-19 pandemic continued to disrupt some projects due to local lockdowns and restrictions on travel in Nigeria and Niger in 2021, we were still able to complete six social impact projects in Nigeria and two in Niger (2020: eleven). We supported these projects through investment of US\$246,000 which is over 50% more than the amount last year (2020: US\$161,000), amounting to a cumulative total of US\$1.9 million in social impact investment since 2014.

Contributing to the UN SDGs

Our approach to local content, responsible procurement and tax payments plays an important role in achieving the goals of UN SDG 8 Decent work and economic growth. Our commitment to sourcing talent from the surrounding communities creates stability through long-term employment engagement and supplier relationships.

Looking ahead to 2022

Savannah is committed to further strengthening our contribution to socio-economic prosperity in our host communities and countries. For 2022, we will:

- Develop targeted socio-economic impact metrics for 2023 that further measure Savannah's contribution to socio-economic prosperity in our host communities and countries; and
- Set targets for the most appropriate and relevant sustainability key performance indicators in this area.

Strategy in action



Model Nursery/Primary School, Akpa Utong, Esit Eket, Nigeria.

Case study

Supporting the next generation in Nigeria

As part of our commitment to the socio-economic development of our host communities in Nigeria, we signed a renewed five-year partnership agreement in 2021 with the Akwa Ibom State Government and host communities of Eket and Esit Eket. Our support consists of new physical infrastructure projects and the upgrading of existing facilities for education as well as the training, livelihood support and employment of young people in the state, overseen by a 21-strong advisory body.

In 2021, we commissioned the construction of a building with five classrooms and an office for a nursery and primary school as well as a 500m stretch of road in Esit Eket. This represents a commitment of more than US\$157,000 over the next few years. We also delivered 55 “starter packs” for the young people that graduated from the Uquo Field Skills Acquisition Programme, which helped them develop their skills in welding, fashion design, electronic repairs, creative arts, auto mechanics, desktop publishing and computer maintenance, aluminium fabrication, vehicle upholstery repairs and hairdressing. This year there are again ten interns at Accugas as part of their training and development, further continuing our support of host communities' livelihoods.



Sustainability review continued

2 Maintaining a safe and secure place to work

Ensuring a high standard of health and safety throughout our operations is a top priority for Savannah and we firmly embed this culture across the business. Our robust health and safety policies are accompanied by strong security practices.



2021 performance

- Savannah continued its strong health & safety record with zero incidents recorded for the Lost Time Injury Rate in 2021 (2020: zero)
- Our Total Recordable Incident Rate increased by 22% to 0.34 per 200,000 man-hours (2020: 0.28)
- We recorded one security incident in 2021
- In 2021, we covered 1.6 million transport kilometres with only two transport-related incidents (2020: five)
- We continued to act in accordance with internationally recognised human rights standards



2022 objectives

- Continue to develop and implement training and knowledge transfer to embed a zero-harm culture
- Launch and implement a digital platform to assess and review accidents, incidents and near misses and share the learnings across the organisation
- Maintain the current high level of performance for human rights within the Voluntary Principles on Security and Human Rights ("VPoSHR") framework



Strategic objectives

- 1 2 3



Principal risks

- 12 14



Contribution to an SDGs



Reporting metrics

- Number of security/transport incidents
- Lost Time Injury Rate ("LTIR")
- Total Recordable Incident Rate ("TRIR")
- Total length of journeys safely managed



City Gate, Calabar, Nigeria

Maintaining a STRONG HSSE culture



L-R: Gilbert Eno, Operations Lead, Edidiong Akpan, Field Operator, Victor Sampson, Field Operator, Roseline Ini-Okor, Field Operator, Chukwudoziem Umunna, Operations Superintendent. Uquo Central Processing Facility, Nigeria

Our approach

Our ambition in the second pillar of our sustainability strategy is to continuously prioritise and improve upon the safety and security of our workplace. We safeguard the health and wellbeing of everyone who is on our sites, including our employees, contractors, suppliers and visitors. From a security point of view, we also protect the integrity of our operations, including site transport buses and our people on business travel. We strongly believe this is critical to the ongoing success of the Company's operations, activities and projects, and also to safeguard human rights.

We are developing a global health, safety and security management system that creates a robust compliance environment with policies, procedures, systems and controls aimed at embedding a positive safety culture inside and outside our Company. This allows us to measure, mitigate and/or minimise our health, safety and security risks, and learn from accidents, incidents and near misses. Led by our Head of Health, Safety and Environment we continuously refresh our training and development opportunities to reinforce our commitment to injury-free time across our employees, contractors, suppliers and visitors.

Our performance in 2021

Savannah continued its strong health and safety record in 2021 with zero accidents recorded for the Lost Time Injury Rate in 2021 (2020: zero) within our operations. Our Total Recordable Incident Rate increased by 22% to 0.34 per 200,000 man-hours (2020: 0.28) due to our work to improve safety culture resulting in better reporting of minor incidents. This performance is the result of adherence to our health,

safety and security management system and a strong focus on using near misses to identify opportunities for improvement, ultimately maintaining our track record of zero lost time injuries. Thanks to the continued implementation of our Covid-19 protocols we also recorded zero cases (2020: zero) at our operational sites, ensuring our continued operation across our offices and field locations.

Total recordable incident rate, per 200,000 hours worked

2021	0.34
2020	0.28
2019	0.29

Ensuring transport safety

In 2021 there were two transport-related incidents as opposed to five the previous year.

This year the company reported 1.6 million kilometres driven in Nigeria and Niger. The plan going forward is to use this statistic to work out the vehicle incident rate based on the number of incidents and kilometres driven.

Number of transport incidents

2021	2
2020	5
2019	5



Sustainability review continued

“With a focus on maintaining a strong HSSE culture, Savannah’s health and safety performance remains robust.”

Antoine Richard
Chief Operating Officer

Prioritising security at Savannah

We recognise the security challenges in the regions where we operate. Savannah’s main focus is identifying the security risks which our people and business face and putting in place plans to mitigate these risks. In 2021, we conducted regular security risk and threat assessments for our areas of operation and project locations, both for predictive and preventive purposes. We further developed our crisis management and emergency response planning and a portion of our training in 2021 – a total of 6,104 hours across the Company (2020: 3,897) – is related to maintaining management capabilities in response to an emergency. Our Asset Protection Team, tasked with continually monitoring security threats and risks, works closely with local and host governments to conduct conflict analysis in our operational and project areas.

In ensuring safety – as well as in engaging with all our stakeholders – we are committed to acting in accordance with internationally-recognised human rights standards. Savannah has a stringent set of policies, regulations and work practices, underpinned by our Human Rights Policy and our Code of Ethics.

Contributing to the UN SDGs

Our approach to human rights inside and outside the workplace makes a contribution to achieving UN SDG 3 good health and wellbeing. Our commitment to maintaining a strong HSSE culture safeguards the human rights of our people, contractors, suppliers and visitors. Together this protects lives and livelihoods by avoiding accidents, incidents and near misses.

Looking ahead to 2022

Savannah is committed to ensure safe and secure operations. For 2022, we will:

- Continue to develop and implement constant training and knowledge transfer in relation to HSSE
- Set 2023 targets on the most appropriate and relevant key performance indicators in this area
- Launch and implement a digital platform to assess and review accidents, incidents and near misses and share the learnings across the organisation



Chris Grubb, Group Head of Health, Safety & Environment

“We want to promote a positive safety culture where accidents, incidents and near misses are promptly reported and investigated. Culture plays a huge role in determining what’s acceptable in an organisation and what’s not. Policies give us guidance but the success of health and safety relies on continuous, everyday behaviours that seek to prevent harm. Savannah introduced a new digital tool that will ensure lessons learned are shared throughout the organisation. This platform will further embed the HSSE processes inside and outside Savannah.”

Chris Grubb

Lost Time Injury Rate

0

Health and safety training hours

1,667



3
Supporting and developing our people

Our people bring a broad range of experience, expertise and perspectives that are essential to the delivery of our strategic objectives. We recognise that recruiting, developing and retaining the best talent and cultivating a winning culture are critical to maintaining a sustainable business and, as such, are important factors in Savannah’s ongoing and long-term success.



2021 performance

- As at end 2021, Savannah employed a total of 230 people, a 9% increase on the prior year (2020: 211)
- We recorded 6,104 working hours of training (2020: 3,897), which is an increase of 57%
- We saw a slight increase in gender diversity across Savannah. We maintained 35% in senior management and our female representation across the Group rose from 18% to 19% in 2021
- Against the background of our growth, we maintained our local content with 99% local employees in Nigeria and 100% local employees in Niger (2020: 99% and 100%)
- In our operations in the United Kingdom, we increased our ethnic minority representation from 19% to 24% in 2021



2022 objectives

- Set targets on the most appropriate and relevant sustainability key performance indicators in this area



Strategic objectives

1



Principal risks

11 14 15



Contribution to UN SDGs



Reporting metrics

- Number of employees
- Total amount of training in hours
- Gender diversity percentages for the Group and for Senior Management
- Percentage of local employees
- Ethnicity diversity in percentage per characteristic



Ikot Abasi Gas Receiving Facility (IGRF), Nigeria



Sustainability review continued

Empowering our colleagues to THRIVE

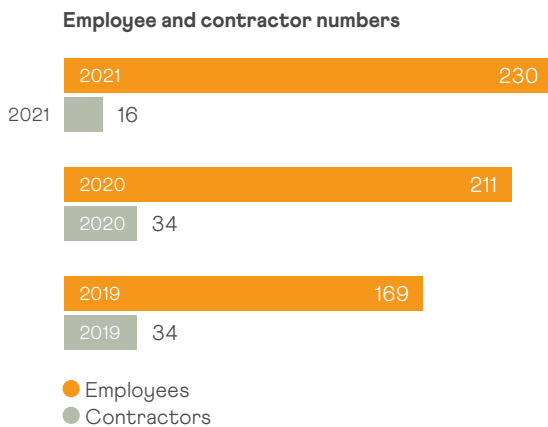
Our approach

Our ambition in the third pillar of our sustainability strategy is to recruit, develop and retain the best talent. In our communities. Hand-in-hand with this goes our cultivation of a diverse workplace, positioning our people and business for success, and developing a winning culture that is grounded in our values and behaviour. We strongly believe that supporting and developing our people is key to helping us achieve our strategic objectives as a Company.

We have created key policies, procedures, systems and controls to drive positive change across our teams in Nigeria, Niger and the United Kingdom. Through a comprehensive programme of training, our people are regularly engaged to ensure they reach their potential during their time with the Company.

Our performance in 2021

Savannah employed a total of 230 people as at end 2021 (end 2020: 211), a 9% increase year on year. We did, however, see a reduction in our number of contractors to 16 (2020: 34).



Our HR business partners work with our in-country teams to recruit the best talent for each role. We have a range of vendors in place locally that support our strategic objectives around diversity, helping us reach talent from disadvantaged groups. We work with the Sequoia Platform, a not-for-profit organisation, which looks to provide employment opportunities, together with entrepreneurship and education support for young people from diverse and underrepresented backgrounds in the UK. In 2021, we offered internships to two recent graduates via the Sequoia Platform, one of whom has since gone on to have a permanent position with us, while the other was offered an opportunity to extend his internship, combining it with his university studies. We participate in local school and university initiatives to reach the next generation of talent. We offer tailored training programmes, both external and 'on-the-job', for new starters and experienced hires alike. Despite the ongoing

disruption due to Covid-19, we recorded 6,104 working hours on training (2020: 3,897), an increase of 57%. This translates into an average of 27.6 hours per person per year (up from 18.5 hours in 2020), delivered through a mix of in-person and online channels.

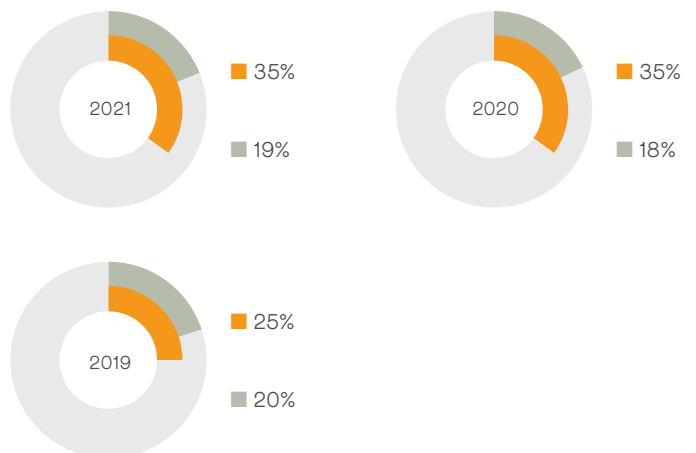
Creating a diverse workplace

Savannah strongly believes that diversity throughout the organisation builds a strong workforce and improves business performance. We are committed to being an equal opportunities employer, with policies in place to ensure that the best person, irrespective of gender, race, disability, ethnicity, religious belief or sexual orientation, is appointed to a particular role or position within the organisation. We maintained 35% in senior management female gender diversity in 2021, while our gender diversity for the organisation as a whole increased slightly last year, with our female representation across the Company rising from 18% to 19%. Post-year end three new female Non-Executive Directors are joining the Board which will result in a 33% female representation on the Board.

Against the background of our growth, we maintained our commitment to local content, prioritising the hiring of local talent with 99% local employees in Nigeria and 100% local employees in Niger. (2020: 99% and 100%). In our operations in the United Kingdom, we increased our ethnic minority representation across the Company from 19% in 2020 to 24% in 2021, something we are proud of as the 2011 UK census benchmark for a non-white ethnic background is around 14%.

Gender diversity

- Senior management: female
- Group: female





“As Head of Compliance I focus on fostering strong ethical behaviours supported by clear guidelines, policies and training for all employees and contractors.”

Titilayo Okoye
Group Chief Compliance Officer

Building an inclusive culture

At the centre of our efforts to create an inclusive workplace is our engagement with our employees. We have open, collaborative and inclusive management that leads on employee engagement. We approach this in two ways: through a continuous feedback performance management process, with structured career conversations and regular touchpoints to monitor career progression; and through wider communication tools such as town hall sessions, our intranet and employee surveys.

We foster strong ethical behaviours and as part of that Savannah sets clear guidelines on what's acceptable and what's not. Our Anti-Corruption and Bribery Policy, for instance, and our Group Code of Ethics, set out responsibilities shared between the Company and the employee to uphold high standards of behaviour. We provide a confidential whistleblowing hotline where employees can report unethical behaviour without fear of penalty or punishment.

Values

Our five core SEE-IT values of Sustainability, Excellence, Entrepreneurialism, Integrity and Teamwork represent the essence of Savannah and fundamentally underpin our corporate culture.

They represent what we want our company to be known for, how we want others to remember us, our core competitive advantages and the basis upon which our staff are rewarded.

Contributing to the UN SDGs

Our approach to training and development in the workplace makes a contribution to achieving UN SDG 4 Quality Education. Our commitment to delivering a full programme of on-the-job and classroom-based learning, inside and outside the Company, maintains the focus on life-long learning and equips our people for their development, wherever it may take them.

Looking ahead to 2022

Savannah is committed to supporting and developing its people. For 2022, we will:

- Set targets on the most appropriate and relevant 2023 key performance indicators in this area.

Strategy in action



Mfon Udobia, Graduate Intern, Deborah Ekpa, Graduate Intern, Uquo Central Processing Facility, Nigeria.

Case study

Helping our people to reach their potential

Our main focus is on empowering colleagues across Savannah to reach their potential. One of the main priorities for 2021 and 2022 is the further training of our people to help them grow and develop. We can already see the impact of that in 2021 with an increase in training hours.

In 2021, we set up partnerships with prestigious international business schools to sponsor Executive MBAs, further enhancing the skillset of some of our key executives. Our first cohort of four executives from Nigeria and the UK joined the programmes in September and we expect to offer this exciting opportunity to more executives across the Group in 2022 and beyond.

We also provided a range of sustainability training to executives to foster our ambitious plans in this area and, with an ever-increasing presence in French-speaking Africa, one of our focus areas in 2021 was to provide employees in both the UK and Nigeria with the opportunity to improve their French language skills – something we see as key to increasing collaboration across Savannah.

For 2022 we are focusing on providing training for all people leaders globally; this will not only give our managers the skills needed to support our ambitious growth plans, but will positively impact our organisation's culture, employee engagement and retention.



Sustainability review continued

4 Respecting the environment



Savannah believes that fossil fuels have a critical role to play in the energy transition in Africa. Recognising the threat of climate change, we are committed to the responsible stewardship of our assets and operations – both existing and those we seek to acquire in the future – by reducing our greenhouse gas (“GHG”) emissions where possible and managing our other impacts, such as biodiversity and water.



2021 performance

- Our total direct GHG emissions (Scope 1) increased by 19% to 108,778 tonnes of CO₂e in 2021 (2020: 91,507)
- Our total indirect GHG emissions (scope 2) increased by 29% to 88.2 tonnes of CO₂e in 2021 (2020: 68.2)
- Our carbon intensity ratio increased by 4% to 13.3 kg CO₂e/boe in 2021 (2020: 12.8)
- Our gCO₂eMJ⁻¹ carbon intensity ratio was broadly stable at 54.6 in 2021 (2020: 54.5)
- In the United Kingdom, we consumed 164,638 kWh of energy in 2021 (2020: 144,000), a year-on-year increase of 14%.
- Zero hydrocarbon spills (2020: zero)
- 5,359 m³ of freshwater usage



2022 objectives

- Set targets on the most appropriate and relevant sustainability key performance indicators in this area
- Improve the performance and efficiency of the gas compressor at Uquo in Nigeria



Strategic objectives

1 2 3



Principal risks

12 14



Contribution to UN SDGs



Reporting metrics

- Scope 1 GHG emissions in CO₂e
- Scope 2 GHG emissions in CO₂e
- Carbon intensity ratio in kg CO₂e/boe
- Carbon intensity ratio in g CO₂e MJ⁻¹
- Energy consumption in the United Kingdom in kWh
- Number of hydrocarbon spills
- Freshwater usage



MANAGING our environmental impacts

Our approach

Our ambition in the fourth pillar of our sustainability strategy is to minimise our greenhouse gas (“GHG”) emissions and manage our impacts on biodiversity and water. As an energy producer, we recognise that our impacts extend beyond our direct operations to the transport and use of our end-products. Whilst our approach is currently focused on what is under our direct control – referred to as our Scope 1 and Scope 2 emissions – in the future we recognise that this may also include our products, which contribute to Scope 3 emissions.

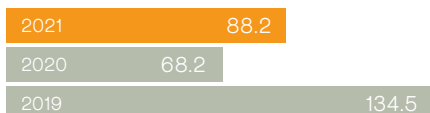
Our GHG emissions consist of a range of gases and they are all included in our carbon inventory. But we realise that our environmental impacts extend beyond our GHG emissions and also track other aspects such as biodiversity, waste and water impacts. Our focus is on meeting our regulatory obligations across Nigeria, Niger and the United Kingdom through a robust framework of policies, procedures, processes and controls.

Scope 1 CO₂ and CO₂e combined GHG emissions (tonnes)

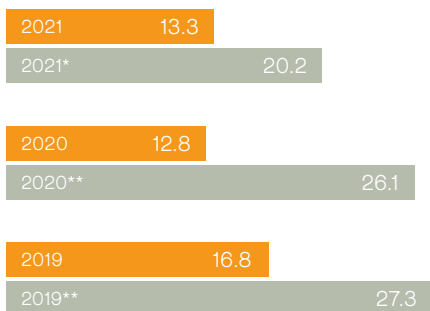


Scope 2 CO₂ and CO₂e combined GHG emissions (tonnes)

Emissions resulting from the purchase of third-party electricity or national grid company electrical power related to Savannah’s offices and headquarters in our three principal countries of operation.



Savannah vs. Supermajors’ carbon intensity (kg CO₂e/boe)



- Savannah
- Supermajors

* Note: based on the latest published data by Eni which reports its carbon intensity ratios on this basis.

** Note: Based on the published data reported by BP, ConocoPhillips and Eni.

Carbon intensity (tonnes of CO₂e/’000 tonnes of hydrocarbons)



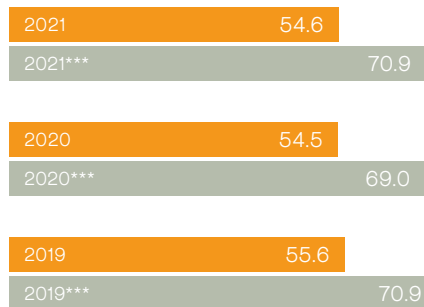
Carbon intensity (kg CO₂e/boe)



Carbon intensity (g CO₂e MJ⁻¹)



Savannah vs. Supermajors’ carbon intensity (g CO₂e MJ⁻¹)



***Note: based on the published data by Royal Dutch Shell, Total and Eni, which reported their carbon intensity ratios on this basis.



Sustainability review continued

“We are focused on ensuring that we manage our operations as efficiently as possible to respect the environment.”

Peter Spalding
ESG Manager

Our performance in 2021

After the disruption of Covid-19 in 2020, our focus in 2021 was to increase production in line with growing demand. Our total direct GHG emissions (Scope 1) increased by 19% to 108,778 tonnes of CO₂e in 2021 (2020: 91,507). This is a direct result of an increase in production in the year 2021; our average production per day increased by 14% from 19.5 to 22.3 kboe/day.

Our total indirect GHG emissions (Scope 2) increased by 29% to 88 tonnes of CO₂e in 2021 (2020: 68). As these impacts are related to emissions from our electricity consumption in our offices, this can be explained by the gradual return to the office of our people after the Covid-19 pandemic. Our emissions are not yet back to a pre-pandemic level as there were still disruptions in 2021 for our office-based personnel; for instance, due to government regulations, there was a shutdown of our office in Niger for the last three months of 2021 and there were intermittent lockdowns in the United Kingdom too.

The carbon intensity of our Scope 1 and Scope 2 emissions increased slightly, by 4%, to 13.3 kg CO₂e/boe in 2021 (2020: 12.8). With our emissions predominantly associated with our business in Nigeria, we are focusing on a project to reduce flaring which contributed to over 50% of our Scope 1 emissions in 2021.

Mitigating our environmental impacts

Beyond our GHG emissions, we recognise that oil and gas production can have other environmental impacts. We are pleased to report that in 2021 we had zero (2020: zero) hydrocarbon spills as defined by not greater than one barrel reaching the environment. We remain focused on avoiding any unplanned discharge that has negative environmental impacts.

We used around 5,359 m³ of freshwater water in 2021 from boreholes and mains supply. We do not have our 2020 performance as we measured this metric for the first time in 2021 as part of our new sustainability performance and reporting framework.

We aim to minimise our negative impacts on biodiversity. We operate four sites (2020: four) near or adjacent to protected areas of specific biodiversity value. As a result, we have put in place Biodiversity Action Plans to minimise any impacts from our operations.

SECR data

Scope 2 emissions in CO₂e

2021	35.0
2020	33.6
2019	76.9

Energy consumption in kWh

2021	164,638
2020	144,000
2019	330,000

Carbon intensity kWh/person

2021	3,829
2020	4,645
2019	13,750



Our performance in the United Kingdom

In accordance with the Streamlined Energy and Carbon Reporting ("SECR") regulations, we specifically provide an overview of our environmental performance in the United Kingdom. Our reporting covers the 2021 financial year and relates to our operations in the United Kingdom. Last year, we did not have any direct Scope 1 GHG emissions. From an indirect Scope 2 point of view, we consumed 164,638 kWh of energy in 2021 (2020: 144,000), translating to 35.0 metric tonnes of CO₂e (2020: 33.6). Whilst our absolute emissions are up due to the phased return of our people to the London office, our carbon intensity decreased by 14% to 3,829 kWh/person in 2021 (2020: 4,645). Our energy consumption has not yet reached pre-pandemic levels due to changed patterns of work in our London office in 2021.

Contributing to the UN SDGs

Our approach to respecting the environment makes a contribution to achieving UN SDG 13 Climate action. We are committed to minimising our GHG emissions and this makes a direct contribution to tackling climate change, which is a cornerstone of the climate action goals.

Looking ahead to 2022

Savannah is committed to respecting the environment. For 2022, we will:

- Set targets for the most appropriate and relevant sustainability key performance indicators in this area
- Improve the performance and efficiency of the gas compressor at Uquo in Nigeria

Strategy in action



Julian Horn, Head of the Renewable Energy Division

Case study

Developing renewable energy in Africa

"I was appointed Head of Savannah's newly-created Renewable Energy Division in 2021. One of our first projects in development that we announced post-year end is the Parc Eolien de la Tarka wind farm project in Niger, not only a first for Niger but which also has the potential to become one of the largest wind farms in Africa. We proposed and created this project with the support of the Ministry of Petroleum, Energy and Renewable Energies of the Republic of Niger.

Parc Eolien de la Tarka will produce up to 600 gigawatt hours per year of electricity. The construction phase is expected to create over 500 jobs, while it has the potential to reduce the cost of electricity for Nigeriens and avoid over an estimated 400,000 tonnes of CO₂ emissions annually. The wind farm will significantly diversify the energy mix in Niger and represents the first of several large-scale greenfield renewable energy projects that Savannah expects to announce over the course of the next twelve months.

This project was then shortly followed by the signing of an agreement in May 2022 with the Ministry of Petroleum and Energy of the Republic of Chad for the development of up to 500 MW of renewable energy projects supplying electricity to the Doba oil project and the towns of Moundou and Doba in Southern Chad, and the capital city, N'Djamena. The Centrale Solaire de Komé and Centrales d'Énergie Renouvelable de N'Djamena projects represent the second and third large-scale greenfield renewable energy projects that we have announced this year, with Centrale Solaire de Komé expected to be the largest solar and battery storage project in sub-Saharan Africa, while the Centrales d'Énergie Renouvelable de N'Djamena project is expected to more than double the existing installed power generation capacity supplying Chad's capital city. As such, both of these projects have the potential to contribute to a transformative change in Chad's GDP over the course of the coming years, as well as bringing the significant quality of life benefits associated with access to regularised power in the form of clean energy to the regions in which the projects are situated."



Country review: Nigeria

Impressive further GROWTH achieved in 2021



Funmilola Ogunmekan
Head of Finance, Nigeria

Roger Wibrew
Head of Operations, Nigeria

“In 2021, our Nigerian assets continued to perform well, with average gross daily production up 14% year-on-year. We also successfully drilled the Uquo-11 gas well, increasing our Net 2P Reserves by an impressive 20% as a result.”

Funmilola Ogunmekan
Head of Finance, Nigeria



2021 performance highlights

Cash collections^(j)

US\$208.2m +24%

(2020*: US\$167.4m)

Average gross daily production

22.3 Kboepd +14%

(2020: 19.5 Kboepd)

Average gross daily gas production

**118 MMscfpd
19.7 Kboepd +15%**

(2020: 102.8 MMscfpd/17.1 Kboepd)

**One new gas
customer**

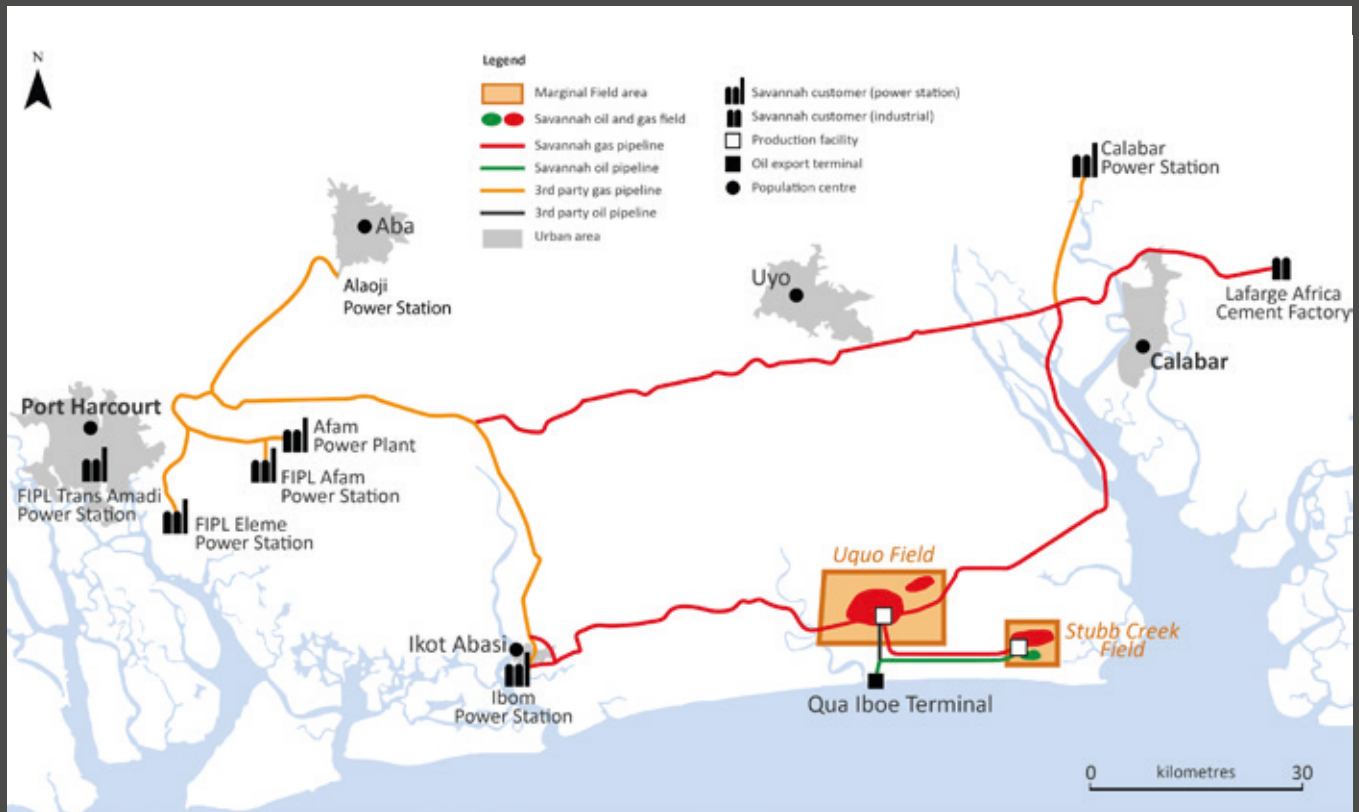
Mulak Energy Limited

**20% increase in Net
2P Reserves**

2021: Gross 106.4 MMboe, Net 77.7 MMboe (2020: Gross 91.4 MMboe/ Net 65.0 MMboe)



Savannah's operations in South East Nigeria



Key figures and facts

Two large-scale oil and gas fields

Uquo and Stubb Creek, located in South East Nigeria

Remaining life-of-contract revenues of US\$4bn

The only significant gas processing and transportation company in South East Nigeria

200 MMscfpd processing facility and an approximately 260km pipeline network

16 years

weighted average remaining contract life to 2037

77.7 MMboe

Net 2P reserves as at end 2021

60 MMboe

Net 2C resources as at end 2021

Seven gas customers

Calabar Generation Company Limited (owner of the Calabar power station), Ibom Power Company Limited (owner of the Ibom power station), Lafarge Africa PLC (owner of the Lafarge Mfamosing cement plant), FIPL First Independent Power Limited (owner of the, FIPL Afam, Eleme and Trans Amadi power plants), Mulak Energy Limited, the Central Horizon Gas Company and TransAfam Power Limited.

25.3 years

2P/2C reserve and resource life as at end 2021



Country review: Nigeria continued

2021 update

Our Nigerian assets continued to perform well throughout the year. Average gross daily production increased 14% to 22.3 Kboepd (2020: 19.5 Kboepd), of which 88% was gas. There was a 15% increase in gas production from the Uquo Field to 118 MMscfpd (19.7 Kboepd) compared to 103 MMscfpd (17.1 Kboepd) in 2020.

Operationally we were pleased to announce a new gas sales contract in Nigeria with Mulak Energy Limited (“Mulak”), as well as commencing first gas sales under the FIPL Afam contract. In November 2021, we drilled a new gas production well (Uquo-11) on our Uquo acreage, below budget and at a significantly lower cost than previous Uquo wells drilled by our subsidiary company. We also progressed the compression project, completing the Front End Engineering Design for the project, while the gas compressors were manufactured and successfully tested at Solar Turbine’s facility in San Diego, USA. We fully specified the long-lead items which will progress the compressor project to the Detailed Design Phase.

We reported a significant 33% organic increase in our Gross Uquo 2P reserves with the publication of an updated Competent Person’s Report for Nigeria by CGG Services (UK) Ltd in November 2021. This was driven by the new Pre-Stack Depth Migration re-processing and re-interpretation of the Uquo 3D seismic survey and better than expected prognosis from the newly drilled Uquo-11 well.

Since the announcement of our acquisition of the Nigerian assets we have clearly demonstrated significant underlying asset value creation; for example, 2017–2021 Total Revenues^(*) have increased by 65% and Cash Collections by 92%.

2022 outlook

We have entered 2022 very strongly with a new GSA in February with the Central Horizon Gas Company, a subsidiary of Axxela Limited, a major gas distribution company in Nigeria. In April, we also announced the extension of our GSA with First Independent Power Limited, almost doubling our gas supply to up to 65 MMscfpd and extending our coverage to three of FIPL’s power stations in Rivers State. In June we signed a new GSA with TransAfam Power Limited for the supply of gas to its power plants in Rivers State. We continue to pursue new power and industrial gas customers this year with discussions well advanced with several potential new customers.

In early 2022, we also successfully completed a pipeline maintenance programme that ensures the integrity and operational lifetime of our pipeline infrastructure.

“In November 2021, we successfully drilled a new gas production well, Uquo-11, at a significantly lower cost than previous Uquo wells drilled.”

Roger Wibrew
Head of Operations, Nigeria

Our assets

Savannah’s assets in Nigeria include two world-scale oil and gas fields, Uquo and Stubb Creek, and the Accugas midstream business, all of which are located in South East Nigeria.

Accugas

Savannah’s Accugas midstream business focuses on the marketing, processing, distribution and sale of gas to the Nigerian market. Savannah holds an 80% interest in Accugas, with the remaining 20% held by Africa Investment Infrastructure Managers (“AIIM”). Accugas receives gas from Uquo at its nameplate 200 MMscfpd processing facility, where the gas is treated and then transported through its c. 260km pipeline network. In 2021, gas was sold to four customers at a weighted average realised price of US\$4.19/Mscf. Three of the GSAs are “take-or-pay” contracts where, if customers take less than the take-or-pay quantity, they are still required to pay for the minimum contractual amount of gas, equivalent to an aggregate maintenance-adjusted take-or-pay volume of 132 MMscfpd. Customers may opt to take make-up gas at a later date according to their contractual arrangements.

In February 2021, a GSA was signed with Mulak Energy to supply gas to Mulak’s compressed natural gas (“CNG”) project in Nigeria, representing Savannah’s first gas-to-CNG agreement with gas sales expected to commence in 2022. First gas sales to First Independent Power Limited’s (“FIPL’s”) power plant, FIPL Afam, were announced in November 2021, a key performance goal for the year and representing Savannah’s entry into the high growth Port Harcourt Industrial area.

Post-year end we have announced two new GSAs. In February 2022, we announced a new GSA with the Central Horizon Gas Company and in June 2022 a GSA with TransAfam Power Limited. In April we also announced a contract extension with FIPL to supply gas to its Eleme and Trans Amadi power plants, bringing the total gas supply under the revised contract to up to 65 MMscfpd.

Savannah’s seven current gas sales agreements are:

- a GSA to supply Calabar Electricity Generation Company Limited, which owns and operates the Calabar power station, with 131 MMscfpd of gas for a 20-year period which ends in September 2037, with a take-or-pay commitment of 80% of the contracted volume. This GSA benefits from a World Bank supported Partial Risk Guarantee which guarantees payment to Accugas for gas supplied. The Calabar power station has installed capacity of 560 MW;
- a GSA to supply Lafarge Africa PLC, a wholly owned subsidiary of Lafarge Holcim, with 24 MMscfpd of gas to its Mfamosing cement plant in Cross River State, Nigeria, with an 80% take-or-pay commitment. This contract was revised in December 2020 with an extension for a further five years to January 2037, giving a remaining contract life of 16 years. The Daily Contracted Quantity (“DCQ”) of gas was reduced from 39 MMscfpd to 24 MMscfpd, compensated by an advanced payment of US\$20 million in December 2020 and a new pre-payment structure to 2027. The revised structure also allows Lafarge to utilise its accumulated

Uquo Central Processing Facility, Nigeria



Stubb Creek facility, Nigeria



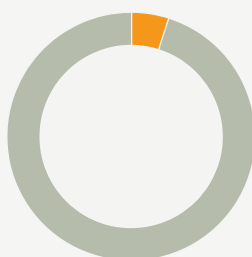
2021 Average daily gross total production (Kboepd)

+14%

2021	22.3
2020	19.5

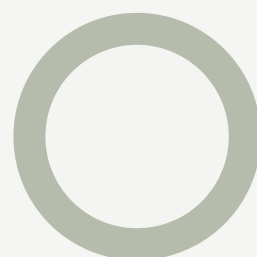
Nigeria net 2P reserves and 2C resources (MMboe)

2P reserves



● Liquids 4
● Gas 74

2C resources



● Liquids 0
● Gas 60

make-up gas balance, whilst we have preserved the capacity to supply higher volumes when these are required. Lafarge's commitments under the revised GSA continue to be guaranteed by an international investment grade⁽⁶⁾ bank guarantee;

- a GSA to supply 20 MMscfpd of gas to Ibom Power, operator of the Ibom power station, for a 10-year period which ends in 2023 with a take-or-pay commitment of 80% of the contracted volume. The Ibom power station has a current installed capacity of 191 MW and is owned by the Akwa Ibom State of Nigeria;
- a GSA with Mulak for an initial seven-year term. During the first two years gas will be supplied on an interruptible basis (the "Interruptible Gas Delivery Period") and the subsequent five years on a firm contract basis (the "Firm Delivery Period"). During the Interruptible Gas Delivery Period, Mulak is able to nominate a maximum daily quantity of up to 2.5 MMscfpd. Volumes in the Firm Delivery Period will be agreed by the parties before the end of the Interruptible Gas Delivery Period. The GSA is priced to reflect Mulak's status as an industrial customer. Mulak is a member of the Mansour Group, the leading Egyptian multinational conglomerate with operations in more than 100 countries and annual revenues exceeding US\$7.5 billion;
- a GSA with FIPL to supply a maximum nominated daily quantity of 65 MMscfpd of gas initially for a one year period to the FIPL Afam, Eleme and Trans Amadi power stations which have a total generation capacity of 391 MW. FIPL is an affiliate company of the Sahara Group, a leading international energy and infrastructure conglomerate with operations in over 42 countries across Africa, the Middle East, Europe and Asia;

- a GSA with the Central Horizon Gas Company to supply up to a maximum daily quantity of 5 MMscfpd, initially for a one year period but extendable by mutual agreement; and
- a GSA with TransAfam Power Limited to supply up to a maximum daily quantity of 35 MMscfpd to its power plants in Rivers State, initially for a three month period but extendable by mutual agreement.

The Accugas facilities and pipelines have significant spare capacity and are strategically located in South East Nigeria, an area where there is both substantial undeveloped gas resources (c. 10 Tscf undeveloped gas estimated to be located within tie-in radius of Accugas pipelines) and significant expected demand for gas from power stations and industrial off-takers in the Calabar, Port Harcourt, Aba and Uyo areas.

Savannah's forward growth plans are focused on the addition of new customers, both power stations and new lower volume, high-value industrial customers whose typical alternative source of power is from higher cost, higher carbon footprint, diesel-fuelled generation.

Uquo

Savannah holds an 80% economic interest in the exploration, development and production of gas within the Uquo field. The Uquo field is a non-associated gas field, with gross 2P reserves of 555.8 Bscf as at the end of 2021, which produces gas that is processed and transported through Accugas' infrastructure to end customers. Condensate produced from the Uquo field is exported via ExxonMobil's Qua lboe terminal. The remaining 20% economic interest in the Uquo field is held by AIIIM.

In 2021 gas production from the Uquo field averaged 118 MMscfpd, an increase of 15% compared to 103 MMscfpd in 2020. In 2021 peak production was 173 MMscfpd and cumulative production since first gas in Q4 2013 is 223 Bscf.

Stubb Creek

Savannah holds a 51% operating interest in the Stubb Creek field with the remaining 49% interest held by Sinopec. Stubb Creek is an oil field with a considerable (515.3 Bscf gross 2C) undeveloped, non-associated gas resource. Commercial production started in 2015, and 5.6 MMstb has been produced to 31 December 2021. Gross remaining 2P reserves are 13.2 MMstb, of which 3.1 MMstb are attributable to Savannah's economic interest.

Oil produced at Stubb Creek is processed through production facilities which have a capacity of c. 3.0 Kboepd and is exported to the ExxonMobil Qua lboe terminal via a 25km pipeline. It is expected that the existing Stubb Creek production facilities will be debottlenecked in 2023 to increase oil production capacity to c. 5.0 Kboepd. Development of the contingent gas resources at Stubb Creek is anticipated to begin in 2032 as the Uquo field comes off plateau to meet Accugas' contracted gas sales volumes.



Country review: Nigeria continued

Our market

Nigeria is estimated to hold approximately 193 Tscf of proved natural gas reserves, making it the tenth largest gas reserve holder in the world and the largest in Africa¹. Nigeria has proven oil reserves of approximately 37.0 billion barrels, ranking as the second largest in Africa and the tenth largest in the world¹. In 2021 Nigeria produced on average 1.79 MMbopd, making it the largest oil producer in Africa, with substantially all production coming from the Niger Delta region¹.

Oil and gas industry majors and contractors have been operating in Nigeria since the 1950s but there has been a general trend for the oil majors to sell their interests in marginal onshore and shallow water oil fields mostly to Nigerian companies and smaller international oil companies as they focus on deep offshore exploration and production. Therefore, the Group believes attractive risk-adjusted upstream and midstream opportunities, coupled with well-established oil and gas service infrastructure, provide an enabling environment for companies such as Savannah to invest and operate in Nigeria.

In 2021, the Petroleum Industry Act 2021 of Nigeria ("PIA") was signed by His Excellency President Muhammadu Buhari, promoting a business environment conducive to oil and gas related activities. Among other things, the PIA will introduce a new fiscal and regulatory framework to keep Nigeria's petroleum industry competitive. It is anticipated that the PIA will have a positive fiscal impact on Savannah.

Nigeria country facts

Population²

216m

GDP²

US\$480.5bn

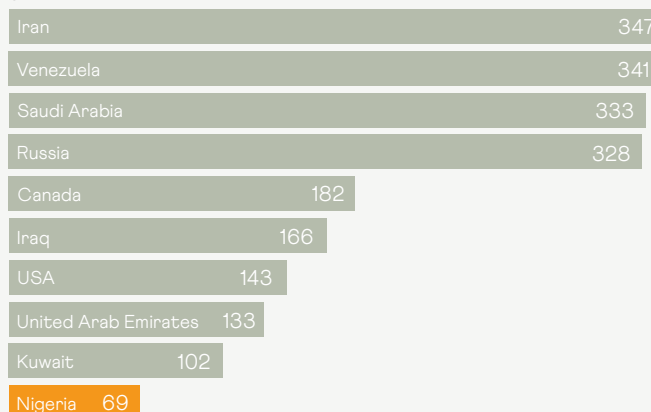
GDP growth²

2.6%

GDP per capita²

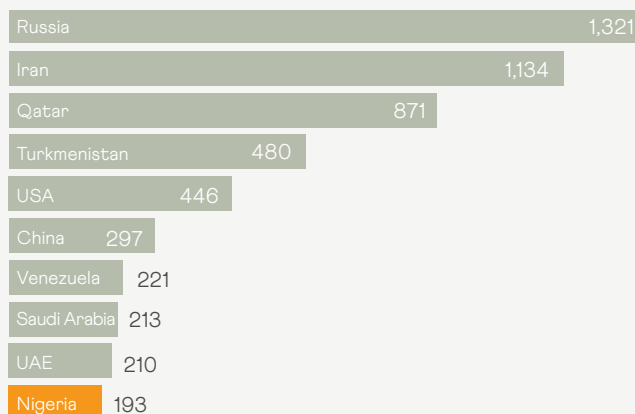
US\$2,270

Nigeria ranks 10th globally in terms of total oil and gas reserves (billion barrels of oil equivalent)



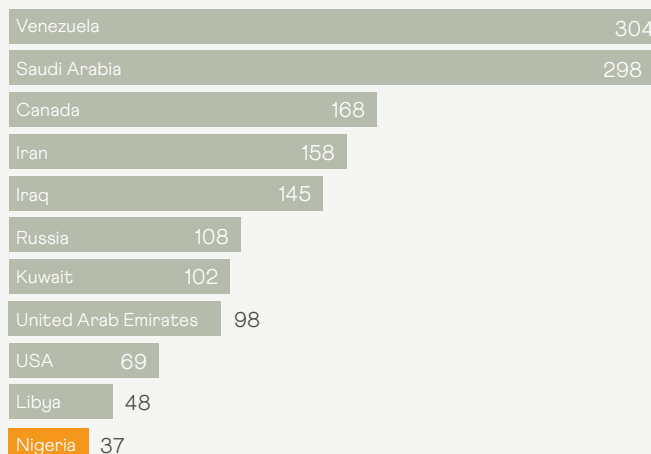
Source: BP Statistical Review 2021.

Nigeria ranks 10th globally in terms of total gas reserves (Tscf)



Source: BP Statistical Review 2021.

Nigeria ranks 10th globally in terms of total oil reserves (billion barrels)



Source: BP Statistical Review 2021.



Economy

Nigeria ranks as Africa’s largest economy³. It relies heavily on oil as its main source of foreign exchange earnings and government revenues, with crude oil accounting for an estimated 83% of total export earnings and 70% of fiscal revenues¹. In 2020, Nigeria experienced its deepest recession in two decades, but growth resumed in 2021 as pandemic restrictions were eased, oil prices recovered and the authorities implemented policies to counter the economic shock⁴. As a result, the Nigerian economy grew by 2.6% in 2021⁴.

Gas production and development

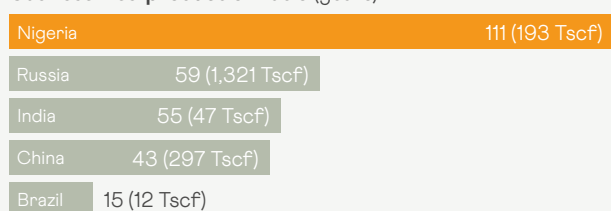
Nigeria has 193 Tscf of proved gas reserves, yet only produces 4.9 Bscfpd¹, the majority of which is exported as LNG, with Nigeria ranking as the world’s sixth largest exporter of LNG in 2020¹. With a gas reserves to production ratio of approximately 110 years, the under-developed gas resources of Nigeria represent a significant opportunity to be exploited, in particular for the benefit of the domestic economy.

The Nigerian Government has stated that it sees the provision of adequate gas supply as a means of increasing industrial output and electricity supply, and thereby economic growth, prosperity and employment opportunities. In March 2021, the Government formally launched Nigeria’s Decade of Gas to capitalise on these opportunities. The gas distribution network in Nigeria is a significant factor holding back the development of gas, with just 4,500km of gas pipelines in the country, which compares unfavourably on a worldwide basis⁷. This lack of infrastructure discourages development of gas fields due to the high cost of building pipelines, and the availability of gas likewise discourages potential major energy consumers from switching to gas. Savannah’s Accugas pipeline network is one of the very few privately owned pipeline systems built in Nigeria and ranks as one of the largest privately owned gas transportation and distribution networks in sub-Saharan Africa.

Power sector

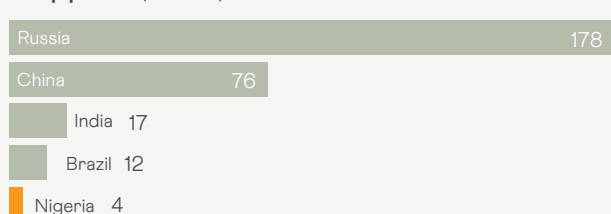
Nigeria has one of the lowest rates of grid-based electricity generation capacity per capita in the world, according to the Federal Government’s Power Sector Recovery Programme Report of April 2017. Nigeria has a population of approximately 216 million² people with an installed power generation capacity of approximately 13,000 MW⁸, but with a national electricity grid transmission capacity of 7,500 MW⁸. However, approximately 4,100 MW is actually dispatched on a daily basis due to combined constraints in gas supply, electricity transmission and distribution. The young population is growing at a rate of 2.5% per annum and is forecast to reach 392 million people in 2050⁹, becoming the world’s fourth most populous country. The population is urbanising rapidly and the country is beset with chronic electricity shortages. Based on the country’s GDP and global trends, electricity consumption is expected to grow to 90,279 MWh by 2040⁷, approximately seven times higher than it was in 2018.

Gas reserves/production ratio (years)



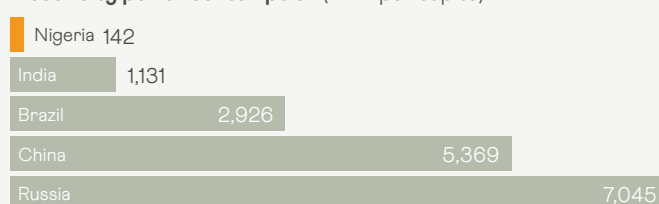
Source: ourworldindata.org

Gas pipelines ('000km)



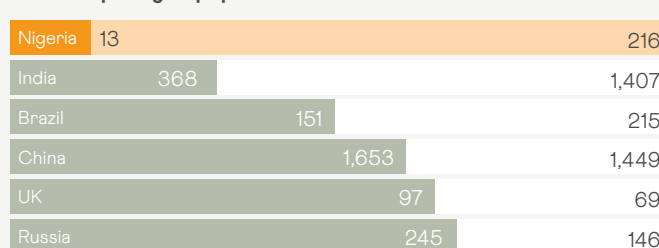
Source: The World Factbook CIA.gov

Electricity power consumption (KWh per capita)



Source: ourworldindata.org

Power capacity vs population



● Installed generating capacity (GW) ● Population (million)

Sources: CIA World Factbook
Worldpopulationreview.com



Country review: Niger

EXCITING times ahead for Savannah in Niger



Yacine Wafy
VP West Africa

“With the new R1234 PSC in place we have an exciting year ahead with plans to continue work on our Early Production System in R3 East.

In addition we are rapidly progressing with our plans to build and operate Niger’s first wind farm, potentially providing up to 40% of Nigeriens’ current electricity consumption.”

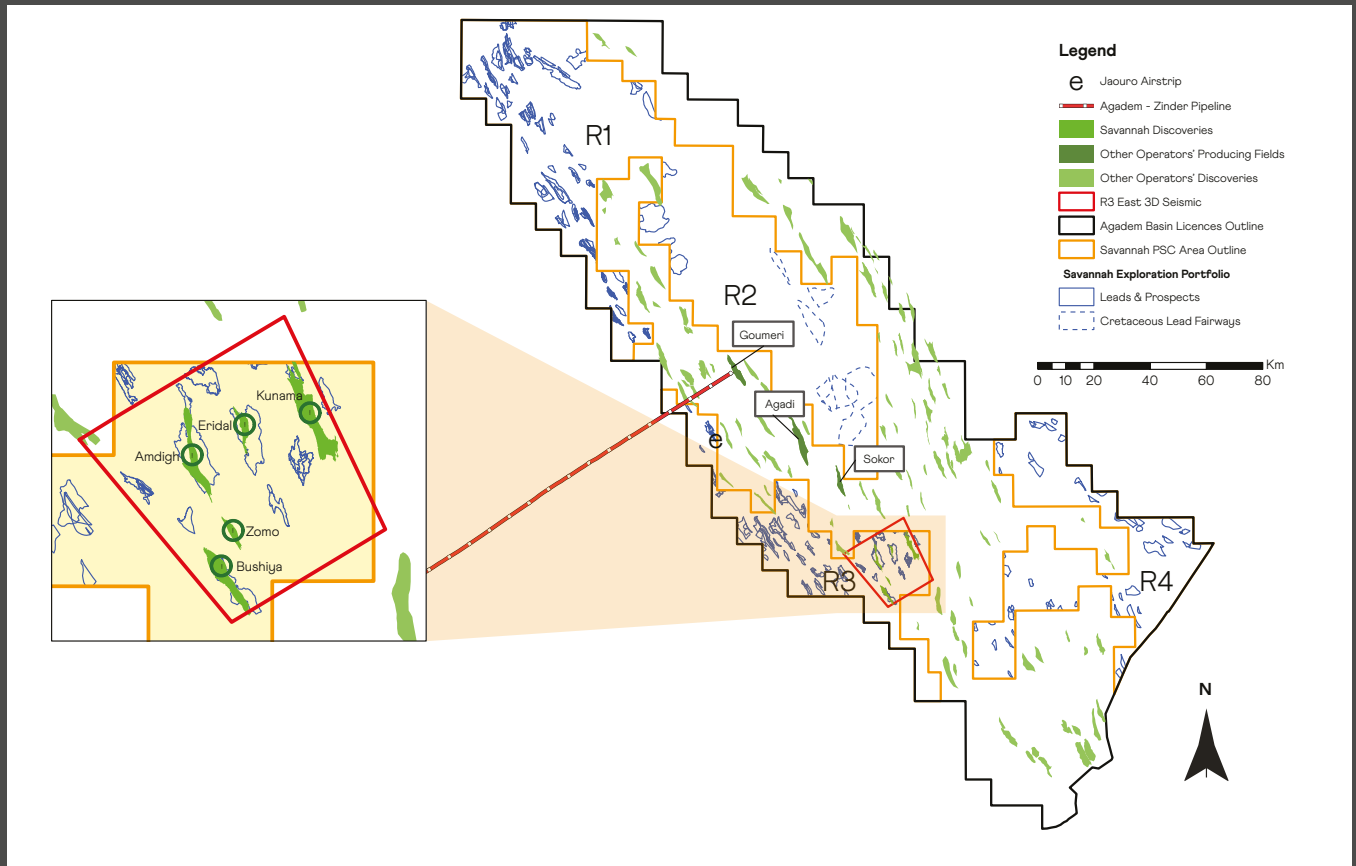
Yacine Wafy
VP West Africa



Performance highlights

- Agreement signed to combine licences into new R1234 PSC, extended for a further 10 years
- Agreement signed for Niger’s first wind farm with a capacity of up to 250 MW

Savannah's Licence Areas



Key figures and facts

**Licence covers
50% of the ARB**

Savannah's licence interests cover approximately 13,655km², equating to 50% of Niger's main petroleum basin, the Agadem Rift Basin ("ARB") in South East Niger¹

**100% exploration
success rate**

achieved to date with five discoveries from the five wells drilled

35 MMstb

of Gross 2C Resources for our R3 East discoveries

90 MMstb

of additional Gross Unrisked Prospective Resources (Best case) from five prospects and leads within tie-in distance to the planned R3 East facilities

**146 potential
exploration
targets**



Country review: Niger continued

2021 Update

We successfully combined our R1/R2 PSC area with our R3/R4 PSC area into one amalgamated R1234 PSC, which extended our licences for up to a further ten years' exploration phase.

2022 Outlook

In March 2022, we announced our inaugural renewable energy project for the construction and operation of Parc Eolien de la Tarka, Niger's first wind farm.

We will also continue to progress our plans in Niger for delivering the R3 East development with the intention to continue to work on the Early Production Scheme ("EPS"). Significant further potential exists in our licence area in Niger with an exploration portfolio of 146 leads and prospects identified to date with a total Unrisked Best Estimate of c. 6.7 bn bbls Oil Initially In Place.

Our upstream assets

The ARB, which forms part of the larger Central African rift system, has proven to be one of the world's most successful and prolific exploration provinces since 2008, with an estimated one billion barrels 2P reserve base established and an exploration success rate of over 80%. Savannah's acreage covers approximately 50% of the ARB, an area equivalent to the Central North Sea Basin. The ARB evolved in two main rift phases (early Cretaceous and Tertiary), resulting in sediments of up to 10km being deposited in the basin centre.

To date, most discoveries have been made in the Sokor Alternances, with the average size of discoveries of c. 30 MMstb oil in place. This can be explained by the high probability of all petroleum system elements (i.e. source rock & migration, reservoir presence, trap & seal) being present within this Tertiary play.

Savannah has delivered a highly successful exploration campaign in Niger with five discoveries from five wells across five oil fields. There are an additional five prospects and leads within tie-in distance to the planned R3 East facilities with three Yogou Cretaceous prospects mapped on 3D seismic, at depths below our main discoveries (i.e. Amdigh, Eridal, Bushiya and Kunama), and two leads in the Central part of R3. Savannah has identified 146 potential exploration targets in total across our licence area to consider drilling in the future. CGG has stated that the estimated average geological chance of success for the Alternances exploration prospects and leads, such as those drilled to date by Savannah in the R3 East area, is high, at more than 75%.

In March 2022, Savannah was delighted to announce our inaugural renewable energy project for the construction and operation of Niger's first wind farm.

Parc Eolien de la Tarka Niger's first wind farm

The signing ceremony was held at the House of Commons, London, UK, with Sani Mahamadou, Minister of Petroleum, Energy and Renewable Energies of the Republic of Niger, and in the presence of Vicky Ford MP, Minister for Africa.

Parc Eolien de la Tarka, to be located in the Tahoua Region of Southern Niger, is expected to consist of up to 60 wind turbines with a total power generation capacity of up to 250 MW, producing up to 600 gigawatt hours per year of electricity. This would represent approximately 40% of Niger's current annual electricity consumption. The construction phase is expected to create over 500 jobs, while it has the potential to reduce the cost of electricity for Nigeriens and avoid over an estimated 400,000 tonnes of CO₂ emissions annually¹.

The project is expected to take advantage of the development of the West African Power Pool ("WAPP"), a high voltage interconnection network allowing power exchanges between countries in the region and increased grid stability. Niger is scheduled to be connected to the WAPP in 2023 via a 330 kV line financed by the World Bank, the African Development Bank, the European Union and the Agence Française de Développement.

Savannah is carrying out an initial feasibility study, which will include an assessment to confirm the wind conditions and an assessment as to how the generated power would be incorporated into the national and regional electricity grids. Parc Eolien de la Tarka is also intended to be capable of exporting power to neighbouring countries at competitive tariffs and will significantly diversify Niger's energy mix. The project is expected to be sanctioned in 2023, with first power generation in 2025.

Tarka Region location map





Artist's impression of Parc Eolien de la Tarka



Niger country facts

Population²

25.1m

GDP²

US\$15.6bn

GDP growth²

5.4%

GDP per capita²

US\$622

“This is a truly transformational project for Niger, potentially increasing the country’s on-grid power generation capacity significantly. Such a project is expected to stimulate a significant increase in economic activity across our country, directly and indirectly creating thousands of jobs over the course of the next decade.”

Sani Mahamadou

Minister of Petroleum, Energy and Renewable Energies, of the Republic of Niger

Key facts

- World class wind resource estimated by the World Bank at over 7 metres per second
- Up to 250 MW of proposed installed power generation capacity
- Up to 40% increase in Niger’s on grid national electricity consumption
- 500 jobs expected to be created in the construction phase with stimulated economic activity likely to create thousands more
- Reduced cost of electricity for ordinary Nigeriens
- 400,000 tonnes of CO₂ emissions to be avoided annually¹
- Increased energy independence for Niger
- 2023 expected project sanction
- 2025 expected first power generation



Top: L-R: Yacine Wafy, VP West Africa, Savannah. Vicky Ford MP, Parliamentary Under Secretary of State, Minister for Africa, Latin America and the Caribbean. Laurence Robertson MP and Chair of the Westminster Africa Business Group. Bottom: L-R: Andrew Knott, Chief Executive Officer, Savannah. Sani Mahamadou, Minister of Petroleum, Energy and Renewable Energies, Niger.



Country review: Niger continued

Early Production Scheme work to continue this year



Savannah's Eridal discovery, Niger

Savannah intends to continue to work on our Early Production Scheme for the remainder of 2022.

The first phase is expected to deliver an initial production of c. 1.5 Kbpod to the local Société de Raffinage de Zinder ("SORAZ") refinery, which is connected to the ARB at the Goumeri Export Station ("GES") via the 463km Agadem-Zinder pipeline. In this first phase, following well testing, raw crude will be processed in a 5 Kbpod capacity Early Production Facility ("EPF"), and the processed crude will be exported to the GES through a new 90km pipeline.

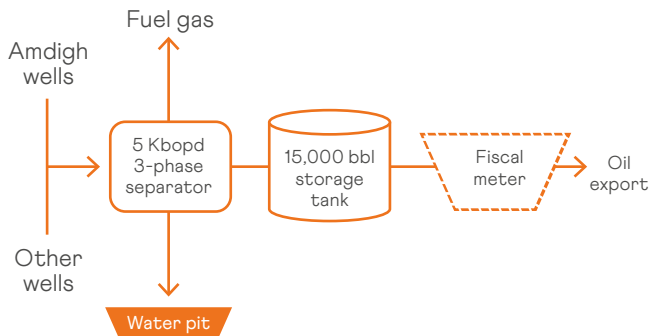
Savannah then anticipates a second phase to drill more wells and build a gathering system (mainly flowlines) to produce from adjacent fields and process the crude in the EPF. Production is then expected to ramp up to 5 Kbpod with the processed crude being transported to the GES via the newly built 90km pipeline.

The construction of the Niger-Benin pipeline by China National Petroleum Corporation ("CNPC"), which is expected to be completed in 2023, will provide an important export route and the ability to monetise further our existing and future oil discoveries in the ARB.

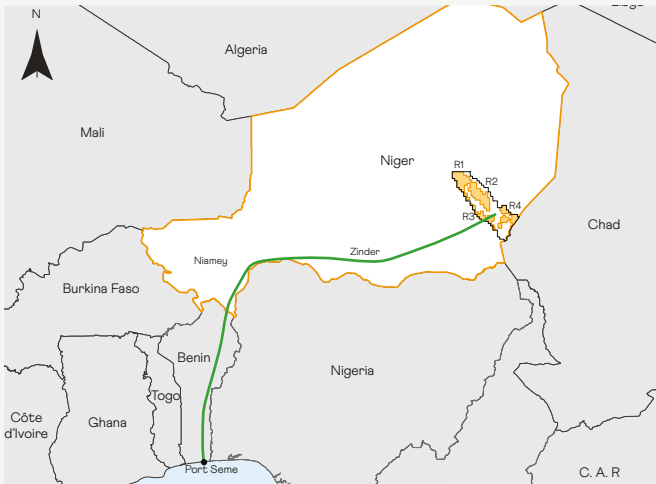
Proposed Early Production Scheme (EPS)

Phase 1 – Sales to local refinery

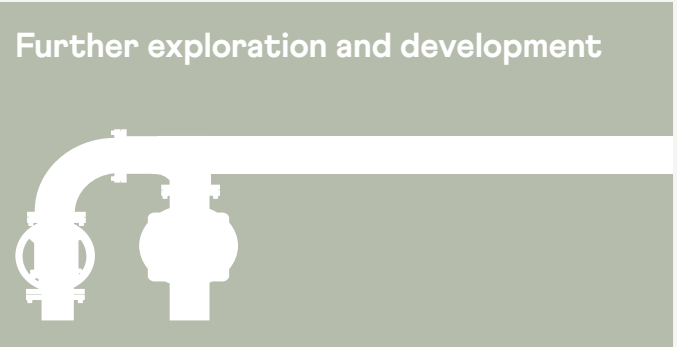
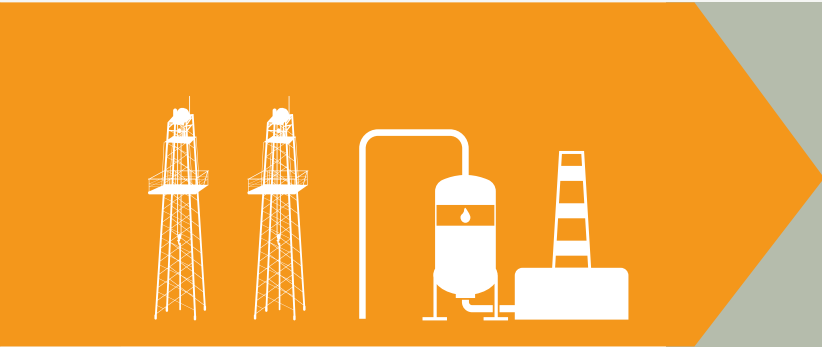
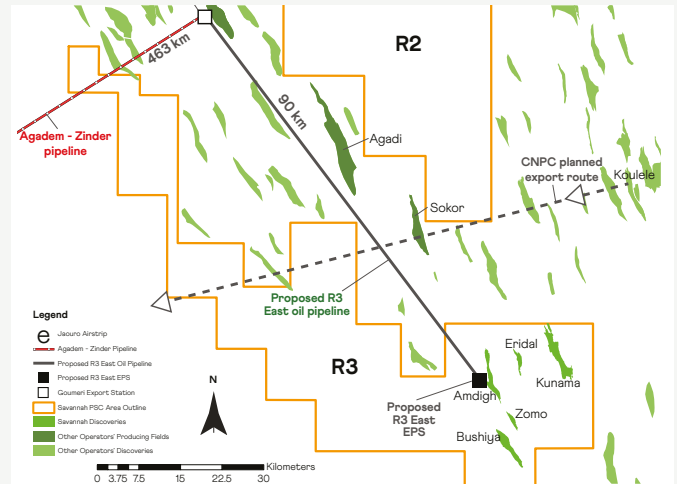
- Expected to deliver up to 1.5 Kbpod
- 5 Kbpod capacity EPF to be built on site at Amdigh
- 90km pipeline to be laid between the EPF and the GES
- Oil to be piped to the GES, then routed to the SORAZ refinery at Zinder (using the existing 463km Agadem-Zinder pipeline)



The Niger-Benin Export Pipeline



Savannah's planned Early Production Scheme



Further exploration and development

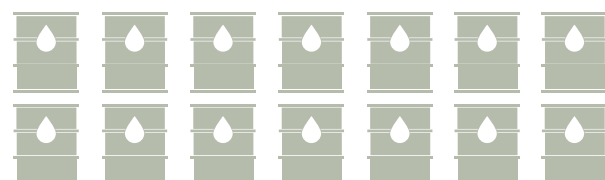
Phase 2 – Export

- Use of existing EPF and 90km pipeline
- Construction of a gathering system to enable adjacent discovered fields (e.g. Bushiya, Eridal and Kunama) to be tied into the EPF
- Drilling Appraisal and Development wells
- Production expected to ramp up to around 5 Kbpd which will continue to be handled by the SORAZ refinery at Zinder

Further long-term potential

- Two sources of upside exist for production in excess of the second phase of the planned EPS:
- Firstly, with 146 further potential exploration targets having been identified for future drilling consideration, the addition of further resources to Savannah's portfolio through the next phase of the planned exploration programme
 - Secondly, the ability to export production above 5.0 Kbpd via the new international Niger-Benin export pipeline which is expected to be completed in 2023

The initial export pipeline capacity will be 110 Kbpd. Alongside the 20 Kbpd capacity of the SORAZ refinery, this will provide an export route (national to Zinder and international to Benin) of around 130 Kbpd. With CNPC's production expected to ramp up from c. 15 Kbpd to 110 Kbpd, over 30 Kbpd of spare capacity will be available for other operators. It is also planned that eight pumping stations will then be installed along the 20" Niger-Benin pipeline on average every 250km, which will be linked to tie-in points every 40-50km. The addition of the pumping stations should ultimately increase pipeline capacity to 300 Kbpd in four phases





Delivering STRONG results for 2021

Nick Beattie
Chief Financial Officer
and Company Secretary



“We produced a strong set of results for 2021, delivering Total Revenues^(a) of US\$230.5 million and Adjusted EBITDA^(c) of US\$175.0 million, with our Nigerian assets continuing to perform well throughout the year”

Nick Beattie

The year in summary

Savannah produced a strong set of results for 2021, delivering Adjusted EBITDA^(c) of US\$175.0 million (2020#: US\$163.2 million), and surpassing financial guidance set out at the beginning of the year. The Nigerian assets continued to perform well delivering gas to four customers including first deliveries to FIPL Afam (a new power station customer) in November 2021. During the year there was significant capital investment in our Nigerian gas business to ensure we continue to reliably supply gas to our customers and this included the drilling of a new gas production well, Uquo-11, and the installation of compression at the gas processing facility is underway. 2021 was also significant in terms of future growth following the signing of agreements for the proposed acquisitions of the Chad and Cameroon Assets^(m) – these transformational acquisitions are expected to close in Q3 2022 and full details of the transactions are contained in the Admission Document which was published in December 2021.

The table overleaf summarises the key financial metrics for the business and these once again show material year-on-year improvement in performance with increased production, prices, revenues and cash generation as well as improved Leverage^(k). Of particular note is the improvement seen in Total Revenues^(a) – this represents the total amount of invoiced sales during the period and this increased by 7% during 2021. The gas business accounts for 93% of these Total Revenues^(a) and it is important to note that this business benefits from long-term, fixed price gas contracts which have an average weighted remaining contract life of 16 years resulting in a contracted revenue stream of US\$4 billion.



Performance against market guidance 2021

	Full Year 2021 Actuals	Full Year 2021 Guidance
Total Revenues ^(a) US\$ million	230.5	>205.0
Operating expenses plus administrative expenses ^(g) , US\$ million	49.9	55.0-65.0
Group depreciation, depletion and amortisation	US\$19 million for fixed assets plus US\$2.3/boe	US\$19 million for fixed assets plus US\$2.6/boe
Capital expenditure (cash), US\$ million	32.5	Up to 65.0



Total Revenues^(a)

US\$230.5m +7%

(2020#: US\$215.9m)

Adjusted EBITDA^(c)

US\$175.0m +7%

(2020#: US\$163.2m)

Profit after tax

US\$17.1m

(2020 loss after tax: US\$6.4m)

Cash collections^(j)

US\$208.2m +24%

(2020#: US\$167.4m)

Net debt⁽ⁱ⁾

US\$370.0m -9%

(2020: US\$408.7m)

Adjusted EBITDA^(c) margin

76%

(2020#: 76%)

Leverage^(k)

2.1x

(2020#: 2.5x)

Interest cover ratio^(h)

2.8x

(2020#: 2.4x)

These take-or-pay contracts have no linkage to oil price and provide a stable, predictable cash flow which can be seen in the record level of Cash collections^(j) of US\$208.2 million during the year (2020#: US\$167.4 million). This increase in Total Revenues^(a) combined with continued focus on cost control, resulted in a 7% increase in Adjusted EBITDA^(c) to US\$175.0 million (2020#: US\$163.2 million).

We have invested heavily during H2 2021 (and continuing into 2022) to scale up the business ahead of completion of the proposed acquisitions of the Chad and Cameroon Assets^(m). This has included a substantial increase in headcount and also a large investment into new systems and processes that will be required to support the enlarged scale of the Group (including the deployment of a new SAP platform). This investment is firmly positioning the business for growth with the right processes, systems, controls and people in place.

Key performance metrics summary

	Full Year 2021	Full Year 2020
Gross production, Kboepd	22.3	19.5
Total Revenues ^(a) , US\$ million	230.5	215.9 [#]
Revenue, US\$ million	185.8	169.0
Average gas sales price, US\$/Mscf	4.19	3.96
Average oil sales price, US\$/bbl	69.9	46.2
Normalised operating expenses plus administrative expenses ^(g) , US\$ million	49.9	42.5
Normalised operating expenses plus administrative expenses ^(g) , US\$/Mscfe	1.1	1.1
Cash collections ^(j) , US\$ million	208.2	167.4 [#]
Total cash, US\$ million	154.3	106.0
Trade and other receivables, US\$ million	231.6	122.4
Adjusted EBITDA ^(c)	175.0	163.2 [#]
Adjusted EBITDA ^(c) margin	76%	76% [#]
Net debt ⁽ⁱ⁾ , US\$ million	370.0	408.7
Leverage ^(k)	2.1x	2.5x [#]
(Loss)/profit before tax, US\$ million	(7.7)	10.4
Profit/(loss) after tax, US\$ million	17.1	(6.4)

In order to compare performance on a like-for-like basis the 2020 figures have been represented to exclude the impact of an advance payment of US\$20 million received from Lafarge Africa on entering into an amended and extended gas sales agreement.



Financial review continued

“2021 was also significant in terms of future growth following the signing of agreements for the proposed acquisitions of the Chad and Cameroon Assets^(m)”

Nick Beattie

Chief Financial Officer and Company Secretary

Consolidated Statement of Comprehensive Income

Revenue

Revenue in 2021 was US\$185.8 million (2020: US\$169.0 million), of which US\$169.1 million (2020: US\$157.1 million) was for gas, US\$15.0 million (2020: US\$11.1 million) was for oil and condensate sales and US\$1.7 million (2020: US\$0.8 million) was for processing of third-party crude oil.

91% of revenue is for gas which is sold under long term gas sales agreements which have fixed US Dollar prices, adjusted for consumer price escalation. The average price of gas sold during 2021 was US\$4.19/Mscf (2020: US\$3.96/Mscf). 95% of our gas sales contracts are supported by investment grade guarantees, including a World Bank Partial Risk Guarantee for the Calabar power station gas sales contract.

The average price achieved for oil sales was US\$69.9/bbl (2020: US\$46.2/bbl) reflecting the increase in oil prices seen during the year.

The weighted average sales price for the year was US\$26.5/boe (2020: US\$24.5/boe), or US\$4.42/Mscfe (2020: US\$4.08/Mscfe).

Total Revenues^(a)

We report Total Revenues^(a) as management believes that this is an appropriate method of reflecting the cash generation capacity of the business. During 2021, our customers had on average contracted to buy more gas (132 MMscfpd) than they ultimately requested to be delivered (111 MMscfpd), which resulted in a difference between invoiced oil and gas sales of US\$230.5 million (Total Revenues^(a)) and Revenue of US\$185.8 million reported in the Consolidated Statement of Comprehensive Income. Revenue only reflects the value of oil and gas actually delivered, with the difference of US\$44.7 million mainly an increase in Contract liabilities (“deferred revenue”) in the Consolidated Statement of Financial Position, net of make-up gas that is consumed.

Operating expenses plus administrative expenses^(g)

Operating expenses plus administrative expenses^(g) for 2021 were US\$49.9 million (2020: US\$46.4 million) which compared to 2021 guidance of US\$55.0–65.0 million. These costs were favourable to guidance due to certain planned maintenance activities being deferred including a pipeline pigging programme which was completed during the first quarter of 2022. In addition to these costs, considerable time and costs were invested in the workstreams associated with the proposed acquisitions of the Chad and Cameroon Assets^(m). These Transaction costs, which include third party costs incurred, amounted to US\$7.4 million (2020: nil) and have been shown separately in the Consolidated Statement of Comprehensive Income.

On a unit cost basis Operating expenses plus administrative expenses^(g) remained flat at US\$1.1/Mscfe, which compares favourably with our increased average sales price of US\$4.42/Mscfe for oil and gas during the year.

Depreciation, depletion and amortisation (“DD&A”) amounted to US\$36.2 million (2020: US\$36.3 million) made up of US\$17.7 million (2020: US\$17.6 million) for infrastructure assets, which are depreciated on a straight-line basis over their estimated useful life and US\$16.7 million (2020: US\$17.2 million) for upstream assets which are depreciated on a unit of production basis, plus US\$ 1.8 million (2020: US\$1.5 million) for other assets and right-of-use assets. The depletion for upstream assets has reduced on a unit of production basis by 15% as a result of a reserves increase at the Uquo field. This led to the total DD&A costs in 2021 being US\$0.8/Mscfe (2020: US\$0.9/Mscfe), a 13% year-on-year reduction.

Adjusted EBITDA^(c)

Adjusted EBITDA^(c) was US\$175.0 million (2020*: US\$163.2 million).

Year ended 31 December	2021 US\$ million	2020 US\$ million	Percentage change
Operating profit	87.7	92.8	-6%
Add back:			
Depletion, depreciation and amortisation	36.2	36.3	
Adjust for transaction costs	7.4	—	
EBITDA	131.3	129.1	2%
Add: other invoiced amounts	44.7	66.9	—
Deduct: Royalty payable on additional gas volume ¹	(1.0)	(1.8)	—
Exclude impact of expected credit loss and other related adjustments	—	(11.0)	—
Deduct: Advance payment received	—	(20)	
Adjusted EBITDA ^{#(c)}	175.0	163.2	7%
Comprising:			
Nigeria segment	193.0	167.7	
UK and Niger segments	(18.0)	(4.5)	

In order to compare performance on a like-for-like basis the 2020 Adjusted EBITDA has been represented to exclude the impact of an advance payment of US\$20 million received from Lafarge Africa on entering an amended and extended gas sales agreement.



Ayotunde Oludemi, Assistant Financial Controller, Funmilola Ogunmekan, Head of Finance. Ifeanyi Onyekwelu, Treasury Accountant, Nigeria office.

Finance income and costs

Finance costs for the year amounted to US\$76.6 million (2020: US\$75.8 million), of which US\$53.4 million (2020: US\$58.9 million) related to bank and loan note interest expense. The average interest rate on debt for the Group was 10.2% (2020: 11.0%) which reflects lower US Libor rates in 2021.

The interest cover ratio^(h) was 2.8 times, improved from 2.4 times in 2020.

Foreign exchange losses

Foreign exchange losses amounted to US\$18.7 million (2020: US\$5.4 million).

Unrealised losses are US\$9.8 million (2020: US\$0.4 million) of which US\$8.2 million is the impact on cash balances held in Naira when the official exchange rate at the Central Bank of Nigeria was devalued. The remaining unrealised losses are revaluations of other monetary items in the Consolidated Statement of Financial Position.

Realised losses of US\$8.9 million (2020: US\$5.0 million) arise from US Dollar gas sales invoices which are settled in local currency, and from the translation of Naira into US Dollars to service US Dollar denominated obligations.

The Calabar power station Gas Sales Agreement includes a foreign exchange “true-up” clause whereby realised foreign exchange losses on this contract are subsequently invoiced to Calabar NIPP and recovered and recognised as a reduction in foreign exchange losses.

The Group continues to have an active contracting strategy to ensure that wherever possible providers of goods and services, both locally and overseas, are paid in Naira.

Tax

The tax credit of US\$24.8 million (2020: US\$16.9 million charge) is made up of a current tax charge of US\$2.6 million (2020: US\$4.2 million) and a deferred tax credit of US\$27.4 million (2020: US\$12.7 million charge). The current tax charge principally relates to tax on our operations in Nigeria.

The deferred tax credit is made up of a credit of US\$61.7 million principally arising from a revision of judgements whereby the utilisation of deferred tax assets is recognised over the expected life of our projects in Nigeria reflecting observed asset performance since acquisition of the Nigerian assets (refer to Note 4 in the Financial Statements). There is a charge of US\$8.4 million principally relating to our operations in Nigeria, plus a write down of US\$25.9 million in deferred tax assets relating to our upstream oil business as a result of the introduction of lower tax rates under the Petroleum Industries Act.



Financial review continued

Consolidated Statement of Financial Position

Debt

The Net debt⁽ⁱ⁾ at year-end for the Group was US\$370.0 million (2020: US\$408.7 million), a reduction of 9% compared to year-end 2020. The largest component of the debt remains the Accugas Term Debt Facility (outstanding balance at 31 December 2021 of US\$371.0 million). The Accugas Facility was established when the acquisition of the Nigeria assets concluded in November 2019 and Savannah is continuing to progress with a refinancing of this facility. It remains the intention that this will be refinanced into a multi-tranche, Naira denominated borrowing structure with an average anticipated tenor of 11 years. As an initial step in the refinancing it is expected that the current facility will be refinanced into a medium-term Naira bank debt facility and this facility will then be progressively paid down from the issuance of longer-dated debt instruments. Savannah has been working with its advisers on the new debt capital structure for Accugas and a number of key milestones have been achieved in the process to date, including the approval of the shelf programme registration for the proposed bond issuance by the Securities and Exchange Commission of Nigeria and obtaining a standalone investment grade credit rating of Accugas.

Once completed, this refinancing would align the currencies of the Group's principal revenue streams with its debt service obligations and would significantly reduce the Group's foreign exchange exposure. It would also bring further benefits through the increase in tenor and enhancements to the structure of the debt facilities. Pending completion of the refinancing, Accugas has agreed with the current lenders to hold a sufficient Naira equivalent cash balance to cover outstanding debt service requirements – at 31 December 2021 this amounted to US\$132.8 million (being interest of US\$75.5 million and principal of US\$57.3 million). The Group anticipates that the refinancing will be concluded prior to the year-end.

As shown in the following table, the Leverage^(k) position of the Group has improved compared to the prior year and this is considered to be a conservative level given the long-dated (>16 year) gas sales contracts in place and the high quality, long-life asset base which supports the supply contracts:

Leverage^(k)

	2021 US\$ million	2020 US\$ million
Adjusted EBITDA ^{#(c)}	175.0	163.2
Net debt ⁽ⁱ⁾	370.0	408.7
Naira held in cash to pay interest	75.5	48.0
Adjusted net debt^(f)	445.5	456.7
Leverage ^(k) (times)	2.1	2.5
Adjusted Leverage ^(l) (times)	2.5	2.8

In December 2021, two new debt facilities were signed in connection with the funding of the proposed acquisitions of the Chad and Cameroon Assets^(m), an up to US\$400 million borrowing base facility and a US\$32 million junior loan facility. Details of the debt facilities available to the Group are in Note 29 of the Financial Statements.

Receivables and payables

The Group has Trade and other receivables of US\$231.6 million (2020: US\$122.4 million). This largely comprises of US\$156.4 million (2020: US\$131.1 million) gross amounts due from gas customers in Nigeria under the current gas sales agreements in place. Trade and other receivables also include US\$65.8 million receivables from shareholders for the equity placing and US\$29.0 million deposits and finance fees associated with the proposed acquisitions of the Chad and Cameroon Assets^(m).

The Group has current Trade and other payables of US\$116.8 million (2020: US\$106.2 million). During 2021 over US\$13.0 million was settled with Nigerian counter-parties through offsets against receivables; certain payables remain that we expect to settle in a similar manner.

Cash flow

As at 31 December	2021 US\$ million	2020 US\$ million
Net cash generated from operating activities	128.1	115.6
Net cash used in investing activities ²	(46.4)	(11.1)
Net cash used in financing activities	(25.2)	(46.8)
Impact of exchange rate changes on cash balances	(8.3)	0.4
Net increase in cash at bank	48.2	58.1
Cash at bank at end of year	152.7	104.4
Restricted cash	1.6	1.6
Total cash	154.3	106.0

Total cash balances as at 31 December 2021 amounted to US\$154.3 million which included US\$1.6 million of restricted cash (2020: US\$106.0 million, including US\$1.6 million of restricted cash). Of these cash balances US\$132.8 million (2020: US\$78.9 million) is set aside for debt service purposes.

Cash flows from operating activities amounted to US\$128.1 million (2020: US\$115.6 million). This represents the continuing robust cash flow generation of the Nigerian assets with our cash flow generation providing cash for debt service and capital projects and providing support for the growth of the business.



Nick Beattie, CFO, Romain de Blanpré, Deputy Group Treasurer, Sam Geddes, Head of Financing, London office.

Total investing activity² spend was US\$46.4 million (2020: US\$11.1 million), the two primary components of this being US\$9.4 million (2020: US\$2.9 million) for the Uquo-11 gas production well and US\$16.1 million (2020: US\$1.3 million) for compression and other facilities at the Accugas gas processing facility.

Financing net outflows for the year amounted to US\$25.2 million (2020: US\$46.8 million), which was principally made up of US\$26.0 million (2020: US\$21.8 million) interest costs and fees and a net US\$0.8 million (2020: US\$24.3 million net repayment) in borrowing proceeds.

Going Concern

The Group places significant importance in managing its liquidity position and ensuring that all parts of the business have appropriate funding as needed to meet their obligations. The Directors have considered the Group's forecasted cash flows and funding requirements for the period to 30 June 2023 (including sensitivity analysis of key assumptions which has been undertaken) and in addition the Directors have considered the range of risks facing the business on an ongoing basis as set out in the risk section on page 70. The principal assumptions made in relation to the going concern assessment relate to (1) the timely payments of our gas invoices by our customers, (2) the forecast commodity price environment and (3) continued access to FX markets. Considering this last point, the Directors are highly confident that the Group will continue to be able to access US dollars as required to maintain going concern status. However, a minimal risk exists that the Group may not be able to continue to do so and/or the Group may not be able to amend its debt facilities and/or complete its planned debt refinancing. These facts indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue to apply the going concern basis of accounting. Notwithstanding this, the Directors have full confidence in the Group's forecasts and have continued to adopt the going concern basis in preparing the consolidated financial statements.

Please refer to Note 2 of the consolidated financial statements for further details on the going concern review.

2022 financial guidance and outlook

In 2022, we are providing the following guidance in relation to our business. This guidance relates only to our Nigerian and Nigerian assets and does not include the assets that we are proposing to acquire in Chad and Cameroon^(m):

- Total Revenues^(a) of greater than US\$215.0 million from upstream and midstream activities associated with the Company's four active Nigerian gas sales agreements and liquids sales from the Company's Stubb Creek and Uquo fields. Any revenues received from additional gas sales agreements would, therefore, be incremental to this;
- Group Operating expenses and administrative expenses^(a) of up to US\$75.0 million;
- Group Depreciation, Depletion and Amortisation of US\$21 million fixed for infrastructure assets plus US\$2.3/boe of production; and
- Group capital expenditure of up to US\$85.0 million.

Nick Beattie
Chief Financial Officer and Company Secretary
7 June 2022



Risk management

Our approach to RISK management

Risk management is an integral part of the Group's business activities and we believe that our ability to identify, assess, monitor and manage our business risks is fundamental to delivering long-term performance.

In this section of the Annual Report we discuss the Group's approach to risk management and how the risk environment has changed over the course of 2021 and to date in 2022.

Risk management framework

Savannah's risk management framework is made up of six components which combine to create an effective system of risk management and internal control. It is through the application of the risk management framework that clear procedures for risk identification, assessment, measurement, mitigation, monitoring and reporting are aligned with the Group's strategic aims and the Board's risk appetite. The Group considers both prevailing and emerging risks in the risk identification process. Every risk has a designated Risk Owner and a member of the Executive Team has responsibility for oversight of each risk. Whilst the Board is ultimately responsible for the management of risk, the Group is structured in such a way that risk management is conducted at all levels of the Group and is embedded in our business practices:

- **the Board** sets the risk appetite for the Group, establishes and monitors the risk management strategy and is responsible for maintaining a robust and effective internal control system;
- **the Executive Team** runs the business in line with the risk management strategy established by the Board and is responsible for the day-to-day application of this strategy; and
- **managers and staff** are responsible for identifying and assessing risks relevant to their functions, roles or activities and for managing and reporting those risks in line with the Group's policies and procedures.

Risk registers are maintained at the business and functional levels and are consolidated into the corporate risk register. These risks are assessed, after taking into account mitigation plans and actions, on two levels: the likelihood of the risk arising and the potential impact of such risk.

» Read more about our strategy on page 28

Risk management framework





City Gate, Nigeria

Assessment of our principal risks

The assessment of risks is based on both qualitative and quantitative evaluation of the likelihood and impact of each particular risk arising over the short and medium term, taking into account the Group’s strategic and business objectives.

Trending of principal risk factors

Risk factors	Trend	Risk factors	Trend
Strategic		Financial	
1. Country	→	8. Foreign exchange	→
2. Acquisitions	↗	9. Gas sales agreements	→
3. Reserves and resources	↓	10. Liquidity	→
4. Exploration and appraisal	→	Sustainability	
Operational		11. Ethical conduct	→
5. Capital projects	→	12. HSSE and our social “licence to operate”	→
6. Industrial action	→	13. Cyber security and digitalisation	↗
7. Supply interruption	↗	14. ESG and climate change	→
		15. Organisation	↗

Risk movement legend

- ↗ Increased
- Stable
- ↓ Reduced



Risk management continued

Assessment of our principal risks continued

Set out below are the risks which the Directors consider particularly relevant to the Group's business activities at the date of this report and the mitigating actions that are being taken to manage these risks. This section is not intended to be an exhaustive list of all the risks that may arise, nor is the order of the content intended to be any indication of priority. In a changing business environment, other risks are assessed as part of the Group's risk management framework and are mitigated as they arise.

Principal risks – strategic

1. Country risk

Description

The Group's assets and operations are located in Nigeria and Niger, countries which are classified as emerging markets. These markets are typically seen as being at heightened risk of adverse changes to the political, economic, fiscal or regulatory environments and for the rule of law to be less predictable than in developed markets.

The country risk of operating in Nigeria and Niger has been assessed as stable compared to last year.

Strategy link: **1 2 3 4 5**

Risk movement: **→**

Direct oversight: Chief Executive Officer

Potential impact

A change in the political, fiscal or regulatory environment in our countries of operation may result in us being unable to meet one or more of our strategic objectives.

In Nigeria, the Group is particularly sensitive to any changes impacting the country's gas and power sector. In Niger the Group is particularly sensitive to any changes impacting the country's oil sector.

Key mitigants

- Continuous, open engagement with regulators and other authorities and agencies in our countries of operation, particularly in the Nigerian power sector
- Principal contractual arrangements subject to international arbitration provisions where possible
- Largest Nigerian gas sales agreements benefit from credit enhancements supported by investment-grade international bank guarantees
- Various state sponsored (and World Bank assisted) initiatives to improve operating efficiency in the power sector

2022 objectives or KPIs

- Total Revenues^(a) from Nigeria operations of more than US\$215.0 million

2. Acquisitions

Description

The success of the Group's acquisition strategy depends on identifying suitable targets, procuring the necessary financing and obtaining any consents or authorisations required to carry out the acquisition. Furthermore, there is a risk in M&A transactions that they do not close and the Group suffers aborted transaction expenses, which can be material. There is also a risk that actual performance of the acquired assets or businesses does not meet expectations. This risk has been assessed to be higher this year as a result of the proposed acquisitions of the Chad and Cameroon Assets^(m) that are scheduled to be completed in Q3 2022.

Strategy link: **4 5**

Risk movement: **↗**

Direct oversight: Chief Executive Officer

Potential impact

If anticipated benefits are not realised or trading by acquired businesses is below expectations, the Group's financial performance may suffer.

Key mitigants

- Structured and appropriate due diligence undertaken on potential targets
- Appropriate vendor risk and reward sharing arrangements embedded in the acquisition agreements
- Strong operating platform designed to enable successful asset or business integration to deliver transaction benefits
- Experienced Board and management team

2022 objectives or KPIs

- Close the proposed acquisitions of the Chad and Cameroon Assets^(m) and integrate with the existing business
- Deliver at least one material value and free cash flow accretive acquisition

Strategic objectives legend

- 1** Deliver value safely and sustainably
- 2** Optimise existing portfolio performance
- 3** Deliver organic growth
- 4** Deliver value accretive inorganic growth
- 5** Provide cash returns to shareholders

Risk movement legend

- ↗** Increased
- Stable
- ↘** Reduced



3. Reserves and resources

Description

Hydrocarbon reserve and resource estimates are highly subjective and no assurance can be given that the hydrocarbons will be recovered at the rates, or in the quantities, estimated or that they can be brought into profitable production. Hydrocarbon reserve and resource estimates can, therefore, be subject to revision.

In Nigeria, the Group has entered into long-term gas sales agreements which are backed by the Group's gross 2P + 2C gas reserves and resources. In Niger, the proposed R3 East Development is based upon an estimated 2C resource base of at least 30 MMbbls. This risk has been assessed downwards this year following an upgrade to the Group's 2P + 2C Nigerian reserves and resources.

Strategy link: **1 2 3 5**

Risk movement:

Direct oversight: Chief Operating Officer

Potential impact

In Nigeria, if the Group's gas reserve and resource estimates were to be revised downwards, it could impact on production and revenue, and the Group might be unable to meet its downstream contractual commitments. In Niger, if the R3 East oil resources are lower than currently estimated, the field development could prove to be uneconomic.

Key mitigants

- Extensive internal and independent sub-surface and engineering studies undertaken throughout the assets life cycles

2022 objectives or KPIs

- Business development activities to access additional gas resources or supply sources
- Testing of the Amdigh and Eridal discovery wells

4. Exploration and appraisal

Description

Exploration and appraisal of oil and gas is speculative and involves a high degree of subjectivity in the assessment of risk.

Strategy link: **3 5**

Risk movement:

Direct oversight: Chief Operating Officer

Potential impact

The Group may not discover hydrocarbons in anticipated commercial quantities and those discovered may not be developed into profitable production.

Key mitigants

- The Group has rigorous processes and procedures in place to assess the risks associated with its exploration and appraisal activities and engages appropriate consultants to supplement its in-house expertise

2022 objectives or KPIs

- Testing of the R3 East discoveries



Risk management continued

Principal risks – operational

5. Capital projects

Description

There is both operational and financial risk to the delivery of capital projects safely, on time and to budget. In Nigeria, the Central Processing Facility (“CPF”) compression project commenced in 2021 and drilling of additional gas wells and/or the recompletion of existing wells on Uquo will be required in 2022 and 2023, dependent on customer offtake volumes, to sustain the production capacity from the Uquo Field. This risk was upgraded last year due to the planned increased in capital expenditure and has been held at this level in view of the ongoing activities over the next 12-18 months.

Strategy link: **1** **2** **3** **5**

Risk movement:

Direct oversight: Chief Operating Officer

Potential impact

Capital projects typically bring additional HSSE risks with third party contractors. Failure to manage these risks could lead to an HSSE incident, additional costs and reputational damage. Project delays may result in a negative impact on future anticipated cash flows.

Key mitigants

- Robust project execution planning, scope of work definition and project management procedures over the full project life cycle
- Competitive tendering for services and contractor selection

2022 objectives or KPIs

- Progress the Compression Project in Nigeria for completion in 2024
- Capital expenditure of up to US\$85 million

6. Industrial action

Description

Labour disputes, unrest or strike activity (“Industrial Action”) could adversely affect the Group’s ongoing operations and the Group’s ability to produce and market oil and gas production. Industrial Action in our countries of operation could be on a company, industry or national scale. We assessed this risk to be lower last year following successful ongoing employee engagements and other initiatives and this assessment is unchanged this year.

Strategy link: **1** **2** **3**

Risk movement:

Direct oversight: Group Head of HR

Potential impact

Business interruptions caused by Industrial Action could have a negative impact on anticipated future cash flows.

Key mitigants

- The Group actively engages with its staff and has in place competitive remuneration packages for its employees
- The Group has made and will continue to make significant investments in employee training and development programmes

Strategic objectives legend

- 1** Deliver value safely and sustainably
- 2** Optimise existing portfolio performance
- 3** Deliver organic growth
- 4** Deliver value accretive inorganic growth
- 5** Provide cash returns to shareholders

Risk movement legend

- Increased
- Stable
- Reduced



7. Supply interruption

Description

The integrity of the Group's wells, processing facilities and pipelines is central to our ability to continue to supply gas in a safe and socially responsible manner and to meet contractual obligations. We have assessed this risk to be higher this year due to the risk of delays to major capital projects and longer than anticipated shutdowns during maintenance programmes that could impact on our ability to meet contractual supply obligations.

Strategy link: **1** **2** **3**

Risk movement: ↗

Direct oversight: Chief Operating Officer

Potential impact

Failure to proactively maintain the Group's assets, could lead to Health, Safety, Security and Environment ("HSSE") issues (see Risk Factor 12) and/or a failure to meet contractual obligations, leading to a negative impact on future anticipated cash flows.

Key mitigants

- Comprehensive maintenance programme in place to ensure integrity of facilities and continuous operations
- Regular inspection, clearing and maintenance of pipelines and their rights of way
- Additional gas wells to be drilled to maintain gas production capacity to meet contractual obligations

2022 objectives or KPIs

- Pigging of the pipeline network
- Progress with the Compression Project for completion in 2024

Principal risks – financial

8. Foreign exchange

Description

The Group is exposed to fluctuations in foreign currency exchange rates and liquidity, particularly as it relates to the Nigerian Naira, the West African CFA, the US Dollar and the British Pound. Of particular significance for the Group is the Nigerian Naira and the ability to convert Naira into US Dollars because, under the terms of our GSAs, our customers are able to pay in Naira even though the contracts are US Dollar-denominated. The Naira has devalued significantly over the last five years and is currently going through a period of relative illiquidity compared to other currencies.

Strategy link: **5**

Risk movement: →

Direct oversight: Chief Financial Officer

Potential impact

Significant movements in the exchange rates of our operating currencies may result in exchange rate losses and consequently may impact our anticipated cash flows.

Key mitigants

- Foreign Exchange true-up mechanism in the Calabar gas sales agreement reduces exposure to foreign exchange losses
- Significant proportion of Nigerian cost base is currency matched



Risk management continued

Principal risks – financial continued

9. Gas sales agreements

Description

The Group's revenues from gas production in Nigeria are currently principally derived from two long-term contracts with Calabar NIPP and Lafarge Africa PLC. The contract counterparties may fail to fulfil their contractual obligations, particularly in respect of the payment of invoices in accordance with the contractual terms.

Strategy link: **1** **2** **3**

Risk movement: ➔

Direct oversight: Group Head of Strategy

Potential impact

The delayed or non-payment of invoices could have a material impact on the Group's anticipated cash flows.

Key mitigants

- The Group has credit support arrangements with investment-grade banks covering over 95% of its gas revenues
- The Calabar gas sales agreement, representing over 65% of contracted gas sales revenues, is supported by an IDA World Bank Partial Risk Guarantee
- Regular engagement at operational and executive level with counter-party executives and other key stakeholders

2022 objectives or KPIs

- Enter into additional gas sales agreements to diversify customer risk
- Total Revenues of more than US\$215 million

10. Liquidity

Description

The Group manages its liquidity to be able to fund its ongoing operations, capital expenditure programmes and to service its debt facilities, but there is a risk that it is unable to meet its financial obligations as they fall due or to fund growth projects in a timely manner.

Strategy link: **1** **2** **3** **5**

Risk movement: ➔

Direct oversight: Chief Financial Officer

Potential impact

If the Group is unable to fund its activities and to service its debt, this could lead to financial restructuring. If the Group is unable to fund new projects or acquisitions it will not realise its strategic objectives.

Key mitigants

- Close monitoring of the liquidity position and forecast cash flows to manage its risk exposures at both a Group and individual entity level
- Regular engagement with the Group's lenders
- Tight cost control and working capital management

2022 objectives or KPIs

- Refinancing of the Accugas Term Debt Facility
- Completion of the proposed acquisitions of the Chad and Cameroon Assets^(m) to provide an additional source of US Dollars for Group liquidity

Strategic objectives legend

- 1** Deliver value safely and sustainably
- 2** Optimise existing portfolio performance
- 3** Deliver organic growth
- 4** Deliver value accretive inorganic growth
- 5** Provide cash returns to shareholders

Risk movement legend

- ↗ Increased
- ➔ Stable
- ↘ Reduced

Principal risks – sustainability

11. Ethical conduct

Description

Ethical conduct, including compliance with relevant anti-bribery and corruption laws, is a risk common to the global oil and gas industry and to the Group which operates in some of the lower ranking countries on the Transparency International Corruption Index.

Strategy link: **1** **5**

Risk movement: →

Direct oversight: Chief Compliance Officer

Potential impact

A major breach of our values or code of conduct could damage the Company’s reputation, have legal implications or impact our financial position.

Key mitigants

- Integrity is one of Savannah’s core “SEE-IT” values and is placed at the heart of everything we do
- The Group has robust compliance policies and procedures in place, including a Compliance Committee at Board level, and the Group operates a confidential whistleblowing service accessible to all employees
- Staff and contractors are given regular and extensive training in these policies and procedures to raise awareness at all levels

12. HSSE and our social “licence to operate”

Description

The Group’s operations are subject to all the health, safety and environmental hazards and risks common to the oil and gas industry.

Political instability, religious differences, ethnicity, internal security, militant activity and labour unrest pose security risks that could also impact the Group’s operations.

Strategy link: **1** **5**

Risk movement: →

Direct oversight: Chief Operating Officer

Potential impact

A failure to adhere to the Group’s HSSE policies could result in significant non-financial and financial impacts and harm to our people, our host communities or our contractors.

If the business was unable to operate in a safe and secure and HSSE compliant manner, we would have to suspend operations at the impacted locations. This could have an adverse effect on the Company’s earnings and cash flow and be reputationally damaging.

Key mitigants

- Standards and clear policies defined in our Health, Safety, Security, Environment and Social Management Systems
- Regular engagement with local communities and Memoranda of Understanding in place for employment, capacity building and infrastructure development
- 24/7 security on all assets, security monitoring and intelligence
- Comprehensive all-risk insurance in place

2022 objectives or KPIs

- Operate safely and in an environmentally appropriate manner
- Maintain social licence to operate



Risk management continued

Principal risks – sustainability continued

13. Cyber security and digitalisation

Description

This risk has been expanded this year to include digitalisation risk. The threats from cyber-attack on the Group's digital infrastructure, information technology security breaches and data protection are ongoing risks that are continuously evolving and could increase as the Group's physical footprint grows. In addition, we have initiated "Digital Savannah", a project to enhance and standardise the Group's information systems, including implementation of a new Enterprise Resource Management ("ERM") system. For this reason, during project implementation and transition, we have upgraded this risk this year.

Strategy link: **1** **2**

Risk movement: **↗**

Direct oversight: Chief Information Officer

Potential impact

Failure to prevent or respond to a cyber-attack could have far reaching consequences and could result in business interruption through disruption to networks and industrial control systems. It could also result in the loss of sensitive personal or business data, reputational damage and financial loss. Delayed implementation of "Digital Savannah" could result in business interruption and financial loss.

Key mitigants

- 24/7 network, email and device monitoring, access authentication and controls in place to protect against phishing attacks
- GDPR and Acceptable Use device policies
- Increased staff training relating to data security and GDPR
- Dedicated "Digital Savannah" project team, including external consultants with extensive project execution expertise

2022 key priorities and KPIs

- New ERM system implementation

14. Climate change

Description

There continues to be increased attention from stakeholders on climate change, greenhouse gas emissions and sustainability ratings generally. We recognise that this is a material risk for the business and that there is the potential for climate related risks, including regulatory constraints, carbon pricing mechanisms or access to capital to affect our ability to implement our strategy. This risk was upgraded last year and we have maintained this elevated risk this year.

Strategy link: **1** **2** **3** **4** **5**

Risk movement: **→**

Direct oversight: Chief Executive Officer

Potential impact

This is likely to lead to increased regulations which could impact on our financial performance. Poor sustainability ratings could result in reputational damage, increased costs, including the cost of capital, and issues with retaining and attracting talent.

Limited access to capital could result in us being unable to meet one or more of our strategic objectives.

Key mitigants

- Ongoing implementation of our Sustainability Strategy and monitoring and reporting systems and policies
- Promotion of efficient energy use in activities with business partners and service providers

2022 objectives or KPIs

- Progress the Parc Eolien de la Tarka wind farm project for project sanction in 2023

Strategic objectives legend

- 1** Deliver value safely and sustainably
- 2** Optimise existing portfolio performance
- 3** Deliver organic growth
- 4** Deliver value accretive inorganic growth
- 5** Provide cash returns to shareholders

Risk movement legend

- ↗** Increased
- Stable
- ↘** Reduced

15. Organisation risk

Description

The ongoing growth and success of Savannah will be driven by a strong performance-based culture and the quality of talent that we can attract and retain. We have significantly strengthened the team over the course of the last 18 months but it is recognised that strength and depth in organisational competence is critical to delivering our strategy and that the impact of this risk could still be significant. In particular, our focus in the short term is on the recruitment of in-country management teams ahead of completion of the proposed acquisitions of the Chad and Cameroon Assets^(m). For this reason we have elevated this risk this year.

Strategy link: **1** **2** **3** **4** **5**

Risk movement: 

Direct oversight: Group Head of HR

Potential impact

The loss of key personnel, or the failure to plan adequately for succession, or to develop and recruit new talent has an opportunity cost, is a barrier to growth and may, therefore, impact on the Group's ability to deliver its strategic objectives.

Key mitigants

- The Group has a competitive compensation and retention package in place which is reviewed against the market regularly
- Key employees participate in equity and performance-based reward schemes that contribute towards retention
- Contractual arrangements and personal development plans have been put in place to support the retention and development of key employees
- Key employees are part of ongoing talent review processes to ensure the risk of leaving is mitigated

2022 key priorities and KPIs

- Recruitment of key in-country management roles for the proposed acquisitions of the Chad and Cameroon Assets^(m)
- Continued focus on developing our people through employee engagement, training and talent management

The Strategic Report was approved for and on behalf of the Board on 7 June 2022.

For and on behalf of the Board



Andrew Knott
Chief Executive Officer
7 June 2022



Incoming Non-Executive Board Directors



Sarah Clark
Incoming Non-Executive Director

Experience

Sarah was an elite level athlete for 18 years and is a former British, European and Commonwealth champion in the sport of judo, who competed at three Olympic Games for Great Britain. She is currently CEO of Edinburgh Judo, one of the UK's largest, most successful and fastest growing judo clubs catering for 4-year-old beginners all the way through to Olympic medallists.

Sarah has worked extensively in mentor, role model and leadership positions with organisations such as the Dame Kelly Holmes Trust, the Youth Sport Trust and the Winning Scotland Foundation. In these roles her focus has been to deliver personal and group development programmes to young people from disadvantaged backgrounds and communities. She has also worked extensively with individuals and companies delivering programmes around the positive learnings businesses can take from the elite level sport world.

Key strengths

Highly experienced in the training and development of people, and mentoring and coaching high-performance teams.

External appointments¹
Director of JudoScotland.



Dr Djamila Ferdjani
Incoming Non-Executive Director

Experience

Djamila is a medical doctor, entrepreneur and social activist. She founded the then largest private medical hospital in Niger, the Pro-Santé Polyclinic, of which she was President and CEO. Djamila formerly served as a technical consultant to the Islamic Development Bank and as a Professor of Health Prevention and Promotion at the African Development University.

She is a founding Board member of Afrikajom (the leading Pan African human rights focused think tank) and is the founder and President of MEDCOM (a Niger focused medical and educational NGO). She is a former member of the executive committee of the Orange Niger Foundation. She regularly speaks at African focused Human Rights events, including those organised by the World Bank, Oxfam, Plan International, the G5 Sahel, OSIWA, NDI and TEDX. Djamila has been named by the United Nations Population Fund as one of the 100 women leaders in Niger and by Facebook as one of 19 African LeadHERs breaking boundaries in the fields of media, entertainment, education and business.

Key strengths

Extensive emerging markets experience particularly in West Africa. Significant background in social affairs and working with NGO and development focused organisations.

External appointments¹
None.



Sylvie Rucar
Incoming Non-Executive Director

Experience

Sylvie is a former CFO of PSA Groupe (the CAC 40 automotive company now known as Stellantis), Deputy CFO of Societe Generale (the CAC 40 bank) and senior adviser to leading global professional services firm Alix Partners. She is presently a Non-Executive Director of Alstom (the CAC 40 railway and services equipment company), CFAO (the €5.8bn revenue African-focused automotive and pharma retail company) and Avril Gestion (the €6.2bn revenue private vegetable oil and protein company). Sylvie serves as Treasurer of Les Amis De Bassiata et des Enfants du Niger (a Niger focused education charity).

Key strengths

Sylvie is a seasoned professional in finance, with a large expertise across multinational businesses both in an executive management and a non-executive capacity as board member and audit committee chairwoman.

External appointments¹

Non-Executive Director of Alstom, CFAO and Avril Gestion.

Savannah is pleased to introduce our three proposed incoming Non-Executive Directors who will be joining the Board following the completion of the Group's proposed acquisitions of the ExxonMobil upstream and midstream assets in Chad and Cameroon.

They all have successful backgrounds in a diverse range of industries and will significantly strengthen the Board's experience and ability to maintain the highest standards of governance.



Board of Directors

Experienced and entrepreneurial leadership



Steve Jenkins

Chairman of the Board
Appointed: July 2014
(stepping down as Chairman prior to the 2023 AGM)

R **H**

Experience

Steve joined Savannah as Non-Executive Chairman in July 2014. He is widely recognised as one of the most capable oil and gas executives in the UK. Steve was the CEO of Nautical Petroleum Limited and led the company's £414 million sale to Cairn Energy in 2012. Prior to this, Steve held a variety of senior roles at Nimir Petroleum Limited, a private company focused on emerging markets with extensive global exploration and production interests.

Key strengths

Geologist by profession; significant experience in emerging markets, transactions and M&A; deep understanding of commercial, operations and strategic aspects of managing an oil and gas company.

External appointments¹

Chairman of the Oil and Gas Independents Association; Non-Executive Director of Viaro Energy Ltd, Microenergy Generation Services Limited, Terrain Energy Limited and Evoterra Limited.



Sir Stephen O'Brien

Vice Chairman
Appointed: December 2017

A **CC*** **H**

Experience

Sir Stephen is a former UN Under-Secretary General for Humanitarian Affairs and Emergency Relief Co-ordinator. Prior to this, he was an MP, serving as Parliamentary Under-Secretary of State for International Development and as the Prime Minister's Envoy & UK Special Representative for the Sahel. Prior to that, Sir Stephen was International Director and Group Company Secretary of the FTSE 100 company, Redland plc, and he began his career as a corporate lawyer.

Key strengths

In-depth understanding of international political, social, economic and government affairs; experience in African and emerging markets, industrial management and global public health.

External appointments¹

Member of the Privy Council; Chairman of Motability Operations Group Plc; and Non-Executive Board Member of Department for International Trade.



Andrew Knott

Chief Executive Officer
Appointed: July 2014

Experience

Andrew is the principal founder of Savannah and has been the CEO since inception. As such, he has led all of the Group's key growth initiatives. Prior to establishing Savannah, Andrew held a series of leading roles in the European oil and gas sector, including Head of Global Energy Investments for GLG Partners/ MAN Group and Head of Upstream Oil & Gas Research at Merrill Lynch.

Key strengths

Passion for Africa and deep knowledge of and contact network within the global energy industry; experienced leader with a proven track record of identifying, financing and successfully managing projects in emerging market environments.

External appointments¹

None.



Nick Beattie

Group Chief Financial Officer and Company Secretary
Appointed: June 2022

Experience

Nick was appointed as Group Chief Financial Officer ("CFO") in June 2022. Nick joined the Group in April 2019 as Group Treasurer and was appointed Interim Group CFO and Company Secretary in August 2021.

During his time at Savannah, Nick has been actively involved in all finance and business development activities for the Group. Nick has an extensive background in financing energy companies, including seven years with BNP Paribas where he was a Managing Director in the Upstream Oil and Gas team in London, responsible for leading the bank relationships with UK-focused independent E&P companies. Nick is a Fellow of the Chartered Banker Institute and a Member of the Chartered Institute for Securities and Investment.

Key strengths

Significant experience in corporate finance, M&A and capital markets including debt funding of energy projects across EMEA.

External appointments¹

None.

Committee memberships

- A** Audit and Risk Committee
- R** Remuneration and Nomination Committee
- CC** Compliance Committee
- H** Health, Safety, Security and Environment Committee
- Denotes Chairman



Board of Directors continued



David Clarkson
 Non-Executive Director
 Appointed: December 2017

A CC H

Experience
 David initially served on the Board as an independent Non-Executive Director from December 2017 to June 2018 and then acted as COO of the Company from June 2018 to December 2019. Upon appointment of the new COO, David resumed his role as a Non-Executive Director in December 2019. David was formerly a member of BP's Group Leadership Team and Senior Vice President for Projects and Engineering (Upstream) at BP. Throughout a 34-year career with BP, he was responsible for delivering safe, reliable industry-leading projects in challenging frontier locations.

Key strengths
 Chartered Engineer; extensive knowledge of the oil and gas industry, including safety operational, commercial and strategic aspects of running oil and gas companies.

External appointments¹
 Director of Adergy Limited;
 Director of Storegga Limited.

Mark Iannotti
 Non-Executive Director
 Appointed: July 2014

A R CC

Experience
 Mark is an experienced capital markets professional with over 20 years' experience in EMEA equities, largely focused on the oil and gas sector. Previously, he acted as Managing Director and Head of Securities, UK & Europe of Canaccord Genuity Group Inc., and was a member of Bank of America Merrill Lynch's EMEA Executive Committee.

Key strengths
 Experienced in capital markets, including equities markets, corporate financing, debt and M&A; strong understanding of institutional investor perspectives.

External appointments¹
 Non-Executive Director of Rocksteady Restaurant Enterprises Limited and Djado Gold plc.

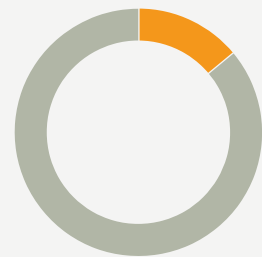
David Jamison
 Non-Executive Director
 Appointed: July 2014
 (retiring 30 June 2022)

R CC

Experience
 David was one of the founders of the modern-day Vitol (currently the world's largest oil trading company), having executed a management buyout of the company alongside three partners in 1976. He left Vitol in 1986 to operate as an independent venture capitalist. David was a founder director of oil and gas company Sibir Energy Plc and independent gasoline company Blue Ocean Associates Limited.

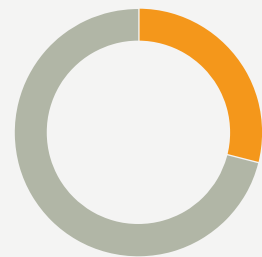
Key strengths
 Strong track record of investing in, growing and managing businesses in the oil and gas industry; extensive network in the global oil and gas industry.

External appointments¹
 None.



Board tenure

- 1-4 years 14%
- 4-7 years 86%



Composition of the Board

- Executives 2
- Non-Executives 5

Further details on Directors who served during the year and the membership of the Board Committees are included on page 85.

1. External appointments are defined as those directorships taking a material amount of time.

Committee memberships

- A Audit and Risk Committee
- R Remuneration and Nomination Committee
- CC Compliance Committee
- H Health, Safety, Security and Environment Committee
- Denotes Chairman

Chairman’s introduction to Corporate Governance Report

Focus on developing a GROWING, sustainable business



Steve Jenkins
Chairman of the Board

The Board remains committed to:

- Driving the Company’s long-term objectives and setting strategy;
- Oversight of operations to ensure competent and prudent management;
- Sound financial planning and internal control;
- Developing leadership and succession plans; and
- Maintaining strong relationships with key stakeholders.

This report describes how our governance framework helps us meet our objectives, realise our strategy and achieve long-term, sustainable success. Savannah adopts the 2018 Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (the “QCA Code”) as the basis of the Group’s governance framework. The Corporate Governance Report on page 85 explains in detail my role, the role of the Board and Committees, and how Savannah has applied the principles of the QCA Code.

In 2021 the Board and its Committees continued to oversee the operations and governance of our assets. There was also action on the recommendations that emerged from the 2020 Board performance evaluation, including deeper reviews of aspects of risk (with the corporate risk register now regularly tabled at Board meetings), and a process of recruiting additional Non-Executive Directors was commenced. On the strategic front, the Board oversaw the proposed acquisitions of the Chad and Cameroon Assets^(m).

The Directors take seriously their responsibility for the proper management of the Company, achieving a high standard of corporate governance, and engaging with our shareholders and wider stakeholders. The following pages describe how this is carried on through the work of the Board and its Committees.

Steve Jenkins
Chairman of the Board
7 June 2022

“Our governance framework supports delivering our objectives and promotes long-term, sustainable success.”

Steve Jenkins



Applying the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”)

Introduction to the QCA Code

The Board is collectively responsible to the shareholders of Savannah for the effective oversight and long-term success of the Company, and has adopted the QCA Code as the basis of the Group’s governance framework and reviewed its existing governance policies and procedures to align them with the recommendations of the QCA Code. The Corporate Governance Report on page 85 explains the key features of the Company’s governance structure and describes how Savannah applies the QCA Code principles.

The Company has chosen not to establish a separate Nomination Committee or to appoint a Senior Independent Director as, at present, the Board considers that this would be unnecessarily burdensome in the context of the current size and complexity of the business. The Board intends to continue to keep these decisions under review as the business evolves.

Principle 1

Establish a strategy and business model for shareholders.



See Strategic Report, in particular Business Model and Strategy and Performance

Principle 2

Seek to understand and meet shareholder needs and expectations.



See Corporate Governance Report, in particular Chairman’s Introduction to Governance, and Section 172

Principle 3

Take into account wider stakeholder and social responsibilities and their implications for long-term success.



See Strategic Report, in particular Section 172 and Sustainability Review

Principle 4

Embed effective risk management, considering both opportunities and threats throughout the organisation.



See Strategic Report, in particular Principal Risks, and Uncertainties and the Audit and Risk Committee Report in the Governance section

Principle 5

Maintaining the Board as a well-functioning, balanced team led by the Chair.



See Corporate Governance Report, in particular Composition and Qualifications of the Board and Independence of the Board

Principle 6

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.



See Board of Directors and Corporate Governance Report, in particular Composition and Qualifications of the Board and Independence of the Board

Principle 7

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.



See Corporate Governance Report, in particular Board Evaluation and the Remuneration Committee Report

Principle 8

Promote a culture that is based on ethical values and behaviours.



See Our Values, Sustainability Review and Corporate Governance Report, in particular Ethical Conduct and Culture

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision-making.



See Corporate Governance Report, in particular Chairman’s Introduction to Governance, How the Board Works and Composition and Qualifications of the Board

Principle 10

Communicate how the Company is governed and is performing by maintaining dialogue with stakeholders.



See Strategic Report, in particular Section 172 and Corporate Governance Report – Stakeholders section

Promoting SUSTAINABLE, long-term success of the business

How the Board works

The Board has overall responsibility for the Company’s purpose, strategy, business model, performance, capital structure, approval of key contracts and major capital investment plans, the framework for risk management and internal controls, governance matters and engagement with shareholders and other key stakeholders. The Board remains committed to understanding the needs of our shareholders and the wider stakeholders and it always considers how the Board’s decisions impact them in the longer term. In the Section 172 report on page 30 we explain who the key stakeholders are and how the Directors engage with them. The Board’s full responsibilities are set out in a formal schedule of matters reserved for its decision.

Board composition

The Board delegates certain responsibilities to its Committees, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. The Company has an Audit and Risk Committee, a combined Remuneration and Nomination Committee, a Health, Safety, Security and Environment Committee and a Compliance Committee, all of which operate within a scope and remit defined by specific terms of reference determined by the Board. The Annual Report includes a report from each of these Committees and describes the work each Committee has undertaken during the year. The composition and role of each Committee is summarised from page 86. The terms of reference of each Committee are available on the Company’s website at <https://www.savannah-energy.com/about/corporategovernance/board-committees/>.



Board meetings

The Board has established a schedule of quarterly meetings, with additional meetings convened when required. The Board addresses several recurring items at each Board meeting, including strategic, operational and financial performance updates, reports from the Board Committees, risk management, investor relations, corporate communications, governance matters, stakeholder engagement and ESG matters. The Directors maintain a dialogue between Board meetings on a variety of matters.

The Board and its Committees are supported by the Company Secretary and during 2021 by a team at Prism Cossec, which provided assistance with any governance, statutory and compliance matters, as well as with organising and circulating the meeting papers to ensure that the Directors receive appropriate materials in advance of the meetings.

The table below sets out the attendance record of individual Directors at the Board meetings held during 2021.

Director	Board	Audit and Risk	Remuneration and Nomination	HSE & S	Compliance
Steve Jenkins	9/9	—	2/2	6/6	—
Sir Stephen O’Brien	9/9	4/4	—	6/6	4/4
Andrew Knott	9/9	—	—	—	—
Isatou Semega-Janneh ¹	4/4	—	—	—	—
David Clarkson	9/9	4/4	—	6/6	4/4
Mark Iannotti	9/9	4/4	2/2	—	4/4
David Jamison	9/9	—	2/2	—	4/4

1. Isatou Semega-Janneh, an Executive Director, left the Board on 12 August 2021.



Corporate Governance Report continued

Composition and qualifications of the Board

The Board comprises of seven Directors, the Non-Executive Chairman, the Non-Executive Vice Chairman, three Non-Executive Directors and two Executive Directors (the CEO and the CFO). The names and responsibilities of all current Directors are set out on page 80.

The Directors' biographies on page 80 illustrate the wide range of skills, experience and diversity of perspective that the Directors bring to the Board to lead and support the Executives in the development and execution of the Group's strategy. The composition of the Board continues to be reviewed in the context of the Company's changing circumstances, goals and future strategy.

The Directors receive regular updates on market and regulatory developments and are provided training as required to ensure that their skills and experience are kept up to date.

The roles of the Chairman and the Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate, with a clear division of responsibilities. The separation of authority enhances independent oversight of the Executive Management by the Board and helps to ensure that no one individual on the Board has unfettered authority.

In accordance with the principles of the QCA Code, the Chairman is responsible for leading the Board and ensuring that it remains effective in fulfilling its role. He sets the Board's agenda and ensures that there is appropriate focus on strategic issues and the monitoring of performance. The Committee Chairmen perform the same role for their respective Committees. Andrew Knott is the Chief Executive Officer. He is responsible for managing the day-to-day operations and the implementation of the strategy of the Company on behalf of the Board. The Company's performance and development planning are considered by the Directors in the context of the Company's overall strategy and goals, within the Company's risk and governance frameworks and taking into account their impact on stakeholders in the longer term. With a culture of openness and debate, the Directors can discuss and challenge the actions of the Executive Management, as well as the views of all Directors, promoting good decision-making and ultimately supporting the Company's long-term, sustainable success.

Independence of the Board

The Board has considered and reviewed the independence and effectiveness of each Non-Executive Director, taking into account any factors that might, or could appear to, affect a Director's judgement and therefore their independence. The Board considers that the performance-related shares and options awarded to certain Non-Executive Directors encourage the alignment of their interests with those of the Company's shareholders and are not material enough to compromise their independence, character and judgement. In line with the QCA Code, the Board is therefore of the view that Sir Stephen O'Brien, Vice Chairman of the Board and current Chairman of the Compliance Committee, Mark Iannotti, Chairman of the Audit and Risk Committee, David Jamison,

Chairman of the Remuneration and Nomination Committee, and David Clarkson, Chairman of the Health, Safety, Environment & Security Committee, were, and continue to be, independent in character and judgement and free from relationships or circumstances that could affect their independence. Steve Jenkins, the Chairman of the Board, was deemed to have met the criteria for independence set out in the QCA Code upon his appointment and continues to be considered independent.

Directors' conflicts of interest

Directors have a statutory duty to avoid situations in which they have, or could have, interests that conflict with those of the Company, unless that conflict is first authorised by the Board. The Company's Articles allow the Board to authorise any potential or actual conflict of interest that a Director may have and a process to identify and deal with any such conflicts is in place. Should a Director become aware that they, or their connected parties, have a new potential or actual conflict of interest, they must notify the Board. The Board then deals with each conflict on its merits, taking into consideration all the relevant circumstances. All potential and actual conflicts approved by the Board are recorded in a Register of Interests, which is reviewed by the Board at each Board meeting.

Appointments and approach to tenure

Appointments are made on merit and taking into account the balance of skills, experience and knowledge required on the Board. After their appointment by the Board, Directors offer themselves for election at the first AGM following their appointment. Directors then stand for re-election at three-year intervals.

All Non-Executive Directors, including the Chairman, have letters of appointment which are available for inspection at the Company's registered office. The letters of appointment set out the time commitment expected from Non-Executive Directors who, on appointment, undertake that they will have sufficient time to fulfil their duties. Subject to continued satisfactory performance, the Board does not believe that it would be beneficial to limit the term of appointment of the Non-Executive Directors at this time.

The Executive Directors' service contracts are available for inspection at the Company's registered office. Further details on the service agreements can be found on page 97.

Time commitment

During the year under review, the Directors have considered the amount of time necessary to commit to the affairs of the Company to fulfil their roles. The Executive Directors are expected to devote substantially the whole of their time to their duties and, on average, the Chairman and the other Non-Executive Directors typically devote a minimum of five days a month and a minimum of two and a half days a month respectively to the Company's matters. The Board concluded that all Directors continue to be effective and committed to their roles and have sufficient time available to fulfil their responsibilities.

Meeting format

The Board is grateful for management's efforts to ensure that it has been kept well informed through video conferences, and the Company welcomed the return to physical meetings towards the end of 2021. The Chairman continues to offer the Non-Executive Directors the opportunity to meet regularly, as necessary, in the absence of the Executive Directors.



Ethical conduct and culture

The Company is committed to promoting a healthy and responsible corporate culture. Accordingly, a number of policies and mechanisms are in place to ensure that ethical values and behaviours and fair business practices are embedded in the way Savannah operates. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner.

The framework of policies and procedures in place enables the Board to ensure that the Group's employees and those who provide services to it act in accordance with high standards of ethical conduct and that Savannah only does business with persons who are engaged in legitimate business activities and who use funds from legitimate sources.

Whistleblowing and anti-bribery and corruption controls

Savannah is committed to achieving high standards of conduct and accountability. Our functional matrix organisational structure allows employees to openly report legitimate concerns regarding any possible improprieties in financial reporting or any non-compliance with applicable laws, regulations or Group policies, danger to health and safety, damage to the environment or other matters. The Company has an independently run whistleblowing hotline and other mechanisms that enable the employees to raise any concerns anonymously, without fear of penalty or punishment. The Compliance Committee regularly reviews whether these arrangements continue to function effectively.

The Company has adopted an Anti-Bribery & Corruption Policy which applies to the Board and all employees of the Group. It generally sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption in all jurisdictions in which the Group operates, as well as providing guidance on how to recognise and deal with bribery and corruption issues and their potential consequences. The Group's policy is circulated to all employees of the Group and third parties (including contractors and consultants) to ensure it is embedded across the organisation and jurisdictions. All Group employees are required to confirm receipt and understanding of the Anti-Bribery & Corruption Policy and undergo anti-corruption and money laundering training on an annual basis. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, conduct business in compliance with this policy. All other third parties under our contract management process must acknowledge that they have read the Savannah Anti-Bribery and Corruption Policy and undertake to adhere to the policy.

Stakeholders

Employees

Savannah's "SEE-IT" values are Sustainability, Excellence, Entrepreneurialism, Integrity and Teamwork. The Company believes that its people are its key asset. People over process is a fundamental element of Savannah's culture and all efforts are made to employ great people, who work together as a high achieving team. With this approach, Savannah is a more flexible, stimulating, innovative, collaborative organisation. More details on Savannah's vision and values can be found on page 1.

At the end of 2021 Savannah had 230 employees across three different countries. The Company has established various ways to engage with, and listen to, the views of its employees, including regular individual updates and employee-wide meetings.

Shareholders

The Board is committed to ensuring that there is open and effective communication with the Company's shareholders on matters such as governance, strategy and performance related remuneration, and that the Directors understand the views of major shareholders on such matters. The Company communicates with shareholders and potential investors through a variety of channels, including the Annual Report, regulatory announcements, operational updates and a proactive and comprehensive investor relations programme which is managed in line with operational developments, corporate news flow and the Company's financial calendar. In 2021, the CEO and the Investor Relations team continued to maintain regular dialogue with major institutional investors and analysts and provided the Board with regular reports on investor and analyst feedback. The Company holds investor roadshows throughout the year. However, in line with Covid-19 precautions from March 2020, these were held virtually. Further, the Company's representatives participate in a number of investor events virtually during the year. Presentations to investors are posted on the Company's website at www.savannah-energy.com. The CEO is available to meet or speak to institutional investors to explain the Group's strategy and performance, and to listen to investors' views. The Chairman and Non-Executive Directors are also available to meet or speak to shareholders on request.

In addition to our interaction with institutional investors we regularly engage with retail investors via an investor call. Our social media presence, where all significant events are publicised, is aimed at a wider audience including retail investors. The investor relations team responds to queries as received.

The AGM is usually also another opportunity for shareholders to meet and speak to members of the Board directly, although in 2021 restrictions on movement and gatherings meant that shareholders could not be admitted in person to the AGM in June. Instead, this meeting was live streamed on the internet, accessible via the Company's website. As shareholders watching the meetings online could not vote or ask questions on the day, they were encouraged to vote by proxy ahead of the meeting and, if they wished to ask questions, to send them to Investor Relations before the meeting so that they could be answered during the meeting.

The Company maintains a database of meetings held by the Directors with shareholders, potential investors and analysts. Reports on meetings held with existing and potential investors and briefings from the Company's corporate brokers are provided to the Directors and discussed at Board meetings. Analysts' reports received on the Company are reviewed and monitored by the senior management team and circulated to the Board as appropriate. Investor relations support is provided to analysts covering and initiating coverage of the Company.

Other stakeholders

Savannah is committed to seeking to create, add and realise value not just for its financial stakeholders but for its employees, local communities and its business partners. Savannah believes that maintaining effective stakeholder engagement programmes is essential. Environmental, social and governance aspects of the Company's business are very important to Savannah and a number of initiatives are in place to support the communities in which we operate. More information can be found in the Sustainability Review starting on page 36.



Audit and Risk Committee Report

Procedures, policies and systems to UNDERPIN Savannah's growth



Mark Iannotti
Chairman, Audit and Risk Committee

Members	Meetings attended	Member since
Mark Iannotti (Chair)¹	4/4	January 2018
David Clarkson	4/4	January 2020
Sir Stephen O'Brien	4/4	January 2018

1. Chair since January 2015.

Key responsibilities:

- Reviewing the integrity and content of the financial statements, including reviewing and reporting to the Board on significant financial reporting issues and judgements;
- Reviewing the adequacy and effectiveness of the Group's internal controls and risk management policies and systems, ensuring that there are procedures in place for identifying the material risks, threats and opportunities, and that the Group's internal control and risk management systems are embedded in day-to-day management and decision-making practices;
- Reviewing and monitoring compliance policies and systems, including the prevention and detection of fraud, bribery and tax evasion;
- Monitoring compliance with applicable regulations;
- Reviewing and approving the annual audit plan and reviewing the audit findings with the external auditor; and
- Assessing external auditor objectivity and independence and reviewing the performance and remuneration of the external auditor.

The terms of reference for the Committee are available on the Company's website at www.savannah-energy.com. The role of the Committee is to support the Board in discharging its oversight responsibilities with regard to reviewing the financial reporting process, the system of internal controls and management of risk, assessing the effectiveness of the audit process, and the procedures for monitoring compliance. Any significant findings raised by the external auditor during its review of the half-yearly results or audit of the full-year results are reviewed and discussed by the Audit and Risk Committee and reported or referred to the Board as appropriate.

Membership of the Audit and Risk Committee

The Audit and Risk Committee continues to be chaired by Mark Iannotti. He and the other members of the Committee, David Clarkson and Sir Stephen O'Brien, are considered to be independent Non-Executive Directors of the Company.

Mark Iannotti is considered by the Board to have recent and relevant financial experience, and the Committee as a whole has competence relevant to the oil and gas industry. If required, at the request of the Chairman of the Committee, the Chief Executive Officer, the Chief Financial Officer and other members of the senior management team are also invited to attend meetings.

The terms of reference of the Committee reflect the current statutory requirements and best practice proportionate to a company of Savannah's size, nature and stage of development. Where there is an overlap of responsibilities between the Audit and Risk, Compliance and Health, Safety, Security and Environment Committees, the respective Committee Chairperson has the discretion to agree which is the most appropriate Committee to fulfil any obligation. The terms of reference for the Audit and Risk Committee were reviewed during the year and are available on the Group's website at www.savannah-energy.com.



Activities during the year

During the financial year ended 31 December 2021, the Committee:

- monitored the handover process from Grant Thornton to BDO as external auditor;
- reviewed the full-year and half-year results, including the underlying accounting issues and judgements, the processes underpinning the preparation of those documents and the information supporting the statements in relation to going concern and disclosure of information to the external auditor;
- reviewed the latest management accounts at each meeting to assess the Group's financial position on a regular basis;
- considered the external auditor's audit plans and reports on the full year results;
- oversaw a review conducted by an independent consultant to ensure that the Group's financial organisation and systems are adequate to accommodate future needs;
- kept under review the need to establish an internal audit function in light of the increased size and complexity of the Group following the completion of the Nigerian assets acquisition at the end of 2019 and the announcement of the proposed acquisitions of the Chad and Cameroon Assets^(m);
- reviewed the internal controls and risk management systems and procedures within the Group; and
- reviewed the Committee's Terms of Reference.

Significant issues related to the financial statements

In respect of the year ended 31 December 2021, and following a robust assessment of the risks facing the Group, the Committee considered the following issues, among others, to be significant to the financial statements:

- appropriate recognition of oil and gas revenue - including 'cut-off', recognition of contract liabilities and make-up gas utilisation;
- deferred tax asset - reassessment of forecast period;
- exploration and evaluation assets and tangible oil and gas assets - review of any impairment triggers;
- trade receivables - Expected Credit Loss provisioning;
- decommissioning provision - change in underlying valuation assumptions;
- borrowings and going concern - refinancing of the Accugas Loan; and
- Niger withholding tax - restatement of comparative (Note 34 in the Financial Statements of this Annual Report).

Internal controls and risk management

The Board has overall responsibility for establishing and maintaining the Group's system of internal controls and risk management and reviewing its effectiveness. As with any successful company, delivering the Group's business objectives and overall strategy will involve taking considered risks. The Group's internal controls and risk management framework have been designed to assist the Board in making robust decisions to create and protect shareholder value by creating sustainable growth over the medium to long term.

The Board recognises that such a system has its limitations. Internal controls can only provide reasonable, not absolute, assurance against material misstatement or loss. The purpose of an effective risk management framework is to assess and manage, rather than eliminate risk entirely, which involves Directors and senior management exercising a degree of judgement.

The internal control framework within which the Group operates includes the following key elements:

- organisational structures (functional matrix organisational structure), delegations of authority and reporting lines; and
- Group accounting and control procedures to manage the Group consolidation and reporting requirements, including:
 - review of monthly management accounts with comparison of actual performance against budget, and consideration of the outturn for the year;
 - monthly reconciliation of all key control accounts;
 - budgetary process and monthly monitoring of the annual budget, business performance and deviations from the budget; and
 - operational and strategic review processes for all aspects of the Group's business.

A number of policies and procedures are also in place as part of the Group's internal control framework, which include the Group Anti-Corruption and Money Laundering Policy, the Delegation of Authority system, and Travel and Entertainment and Petty Cash policies.



Audit and Risk Committee Report continued

Internal controls and risk management continued

The Board has undertaken a review of the effectiveness of the Group's risk management and internal control systems, which provided comfort regarding all material controls, including risk management, delegation of authority, supply chain management, IT and finance systems, and month-end reporting. The overall conclusion was that the risk management and internal control systems were effective in terms of ensuring consistent achievement of their key objectives in the current context of the Group.

During 2021 the Committee and the Board reviewed the corporate risk profile at regular intervals. This entailed following trends in the principal strategic, operational, financial and sustainability risks and the reasons for any changes, and monitoring the action taken to mitigate current and emerging risks.

The principal risks faced by the business, their potential impact and how they are mitigated are described in the Principal Risks section on page 71.

The Group's whistleblowing, anti-bribery and corruption controls are described on page 87.

Evaluation of the Audit and Risk Committee's performance

As part of the overall evaluation process, the performance and effectiveness of the Audit and Risk Committee was considered and it was agreed that the Committee continues to work effectively. Committee members recommended that a review of the Group's risk register should be carried out in the first half of 2021, with a focus on the current economic and geopolitical environment for the oil and gas industry and for Savannah in particular. This review was duly carried out.

External audit

BDO LLP ("BDO") was appointed as the external auditor of the Group in succession to Grant Thornton UK LLP at the Annual General Meeting on 30 June 2021, following its participation in a formal tender process towards the end of 2020. At the same time BDO succeeded Deloitte LLP as the auditor of the key subsidiary companies in Nigeria. The Committee will review the continued appointment of BDO each year, taking into account the relevant legislation, guidance and best practice appropriate for a company of Savannah's size, nature and stage of development.

The Committee considered the performance of the external auditor and the effectiveness and quality of the audit process by discussing the results of the 2021 external audit, including the auditor's views on material accounting issues and key judgements and estimates; considering the robustness of the audit process; reviewing the quality of the people and service provided by BDO; and assessing its independence and objectivity. The Committee carefully considered the independence of the auditor and received confirmation that the firm was independent of the Group and continued to comply with International Standards on Auditing and other relevant auditing and ethical standards.

The Committee believes that it may be appropriate in certain, limited circumstances for the Company to engage its external auditor to provide non-audit services. The provision of any such services is reviewed by the Committee, seeking to ensure that the external auditor's independence and objectivity are not impaired or perceived to be impaired. The fees paid to BDO in respect of non-audit services amounted to approximately 10% of the statutory audit fees and were in respect of certain procedures conducted in relation to the financial statements for the six months ended 30 June 2021. Refer to Note 8 to the Group's consolidated financial statements for more details.

Following this review of the effectiveness of the audit, the Committee was satisfied that BDO has carried out its duties satisfactorily.

Mark Iannotti
Chairman, Audit and Risk Committee
7 June 2022

Remuneration and Nomination Committee Report

Promoting sustainable, long-term SUCCESS of Savannah



David Jamison
Chairman, Remuneration and Nomination Committee

Members	Meetings attended	Member since
David Jamison (Chair)	2/2	January 2015
Steve Jenkins	2/2	July 2015
Mark Iannotti	2/2	July 2015

Key responsibilities:

- Determining and reviewing the terms and conditions of service and termination of employment of Executive Directors and senior employees;
- Determining and reviewing the remuneration of Executive Directors and senior employees;
- Reviewing and approving grants of shares or options, from time to time;
- Reviewing and recommending to the Board appointments and re-elections of Directors to the Board; and
- Reviewing the composition of the Board, and the membership of the Committees and making recommendations to the Board on any proposed changes.

The terms of reference of the Committee reflect the current statutory requirements and best practice commensurate to Savannah's size, nature and stage of development. The terms of reference for the Committee are available on the Company's website at www.savannah-energy.com.

Membership of the Remuneration and Nomination Committee

There were no changes to the composition of the Committee during the year. All members of the Committee are independent Non-Executive Directors. The Chief Executive Officer and other members of the senior management team are invited to attend meetings when considered appropriate.

Activities during the year

During the financial year ended 31 December 2021, the Committee (amongst other matters) undertook the following key workstreams:

- Reviewed the performance of the CEO and other senior executives and determined the bonus awards for 2020;
- Considered and agreed the terms for two new share incentive plans (as detailed on page 96); the 2014/2015 Replacement Plan and the 2021 Employee Plan;
- Decided upon the remuneration terms for new senior employees; and
- Reviewed the Non-Executive Director contracts and adopted a new standardised contract which became effective from the end of 2021.



Remuneration and Nomination Committee Report continued

Executive Remuneration Review

Savannah's strategy for executive remuneration is based on having market-competitive base salaries (fixed element) combined with performance-related bonuses and long-term equity linked incentives (variable component). The remuneration policy is overall intended to allow the Company to be able to recruit and retain a suitable calibre of executives who have the skills and experience required to manage a business of the scale of Savannah.

The alignment of interests of the executive team with shareholders is of significant importance and the equity linked incentives are therefore designed to encourage long-term thinking amongst the executive team whilst also acting as a retention tool given the extended vesting periods and lock-ins which apply. In addition, the Committee determined that all performance-related cash bonuses paid in 2021 had a clawback provision such that the amounts were repayable if the employee left within the 12 month period following payment.

As has been narrated in both this year's Annual Report and the 2020 Annual Report, the Group has achieved, or exceeded, substantially all of its corporate KPIs for 2020 (with the exception of the progression of the R3 East development project in Niger). The Executive Management Team delivered an industry-leading financial, operating and ESG performance and demonstrated continued improvement in operational and financial performance from the prior year. Notably the Company reported record levels of Total Revenues and Adjusted EBITDA in 2020 whilst also sowing the seeds for further future growth by entering into a new GSA during the year in Nigeria. Substantial work went into the inorganic future growth potential with 27 new opportunities vetted during the year. Savannah grew at a time that the wider industry was shrinking and critically supported Nigeria with the provision of additional gas for power when others failed to do so. This is all the more impressive given these achievements took place against the background of the Covid-19 pandemic. The Committee has, therefore, reflected this assessment in the variable pay awards for the Executive Management Team for 2020 which are discussed in this year's Annual Report. A portion of the CEO's 2020 bonus was subject to the achievement of future share price performance.

Remuneration framework

Long-Term Incentive Plans

During the year the Committee agreed upon the terms for the replacement of the historical 2014 LTIP and 2015 Supplementary Plan. As had first been disclosed in 2019, these plans were not considered to be a realistic incentive given the substantial change in the business since they were established. A replacement scheme (the 2014/2015 Replacement Scheme) was therefore approved during the year as fully detailed in this report. In December 2021, the Company also established the Employee Plan 2021.

Succession planning and corporate diversity

The Board and the Committee acknowledge the importance and the value of succession planning in order to ensure that the Group has the benefit of an appropriate mix of skills and experience as the business evolves. Succession plans for the Board are informed by discussions around the Group's strategy, objectives and forward plans, as well as an assessment of the Directors' current mix of skills, experiences and personal qualities. Succession planning for key members of the senior management team is also an ongoing process.

The Board places value on attracting Directors with diverse outlooks and experience, and the Committee encourages the inclusion of the best male and female candidates from all backgrounds when conducting external searches. On the Committee's recommendation, the Board makes appointments to achieve the balance of skills, outlook and experience needed, but does so solely on merit.

Non-Executive Director Contracts

New contracts were agreed with each Non-Executive Director during the year which harmonises the terms of all Non-Executive Directors. No changes were made to the Non-Executive Director fees during the year; the Chairman's basic annual fee is based on his spending at least 5 days a month on the Company's business, and the Non-Executive Directors' fees are based on at least 2.5 days a month.

The Directors' Remuneration Report is set out on pages 93 to 99.

David Jamison

Chairman, Remuneration and Nomination Committee
7 June 2022

Directors' Remuneration report

Rewards that promote long-term, SUSTAINABLE success of the Company

As an AIM-quoted company, Savannah is not required to disclose all of the information set out below as required under the Companies Act 2006 and AIM listing rules but has chosen to do so in the interests of transparency.

Directors' remuneration policy

The Board aims to provide remuneration packages that are competitive and help to attract, retain and motivate high-quality individuals who are capable of delivering the Group's objectives and promoting the long-term, sustainable success

of the Company. The Board believes that structuring the remuneration packages with a significant performance-related element supports the execution of the Group's strategy and aligns the Directors' interests with those of shareholders.

The table below sets out the main elements of the Directors' remuneration. The overall package is weighted towards performance-related pay, with an appropriate focus on the Company's sustainable, long-term performance through the award of long-term incentives.

Component	Purpose and link to strategy	Overview
Executive Directors		
Basic salary	To attract, retain and motivate talented individuals who are critical to the Group's success.	Reviewed by the Remuneration and Nomination Committee annually or in the event of a change in an individual's position or responsibilities. Basic salary set to reflect individual performance, the scope and scale of the role and having regard for compensation levels in companies of a similar size and complexity in the independent oil and gas industry.
Performance-related bonus	To encourage and reward delivery of the Group's objectives.	Performance-related bonus payments are made at the sole discretion of the Remuneration and Nomination Committee. These are capped at a maximum percentage of annual salary.
Employer's pension contribution	To attract and retain talented individuals who are critical to the Group's success.	The Chief Executive Officer is entitled to receive an employer's pension contribution equivalent to 10% of annual salary.
Non-Executive Directors		
Fees	To attract and motivate talented individuals with the appropriate breadth of experience.	Set at competitive market levels. Reviewed by the Chairman in consultation with the CEO, periodically or in the event of a change in an individual's position or responsibilities.
Executive and Non-Executive Directors		
Management Long-Term Incentive Plan ("LTIP")	To incentivise and retain key individuals within the Company.	Participants entitled to receive ordinary shares in the Company for nil consideration subject to certain conditions, described further on page 94. Established on 28 November 2014. Now closed and not expected to be reopened.
Supplementary Plan	To further incentivise certain Directors and employees of the Group. To mechanically adjust for the dilutive impact of the placing announced on 10 July 2015.	Structured principally on the same terms as the LTIP, with participants being entitled to receive ordinary shares in the Company for nil consideration subject to certain conditions, further described below. Established on 30 July 2015. Now closed and not expected to be reopened.



Directors' Remuneration report continued

Component	Purpose and link to strategy	Overview
Executive and Non-Executive Directors continued		
Employee Plan 2018	To incentivise management and employees of the Group.	Awards are in the form of nil-cost options over ordinary shares in the Company held in an employee benefit trust, subject to certain conditions, described further below.
Officers Plan 2020	To incentivise officers (whether or not employees) of the Group.	Awards are made over unissued ordinary shares in the Company. As at 31 December 2021, no options have been awarded under the Officers Plan 2020.
Employee 2014/15 Replacement Plan	To incentivise and retain key individuals within the Company.	The Employee 2014/15 Replacement Plan is designed to provide its participants with broadly similar economic exposure to that to which they would have been entitled to had certain proposed amendments been made to the LTIP and the Supplementary Plan. As at 31 December 2021, no options have been awarded under the Employee 2014/15 Replacement Plan.
Employee Plan 2021	To incentivise management and employees of the Group.	Awards are in the form of nil-cost options over ordinary shares in the Company held in an employee benefit trust, subject to certain conditions, described further below. As at 31 December 2021, no options have been awarded under the Employee Plan 2021.

Management Long-Term Incentive Plan

On 28 November 2014, the Company established a management long-term equity incentive plan. The LTIP is now closed and is not expected to reopen, given the material change in the Company's business. Under the terms of the LTIP, participants could subscribe for shares in Savannah Energy 1 Limited ("SE1L"), with an entitlement to exchange such shares for ordinary shares in the Company if the closing middle market quotation of the ordinary shares on any day equals or exceeds £1.68 (the "**Hurdle Price**"). As disclosed in the Company's Admission Document dated 22 December 2017, in the view of the Remuneration and Nomination Committee, the vesting and hurdle conditions of the LTIP were too stretching to serve as a realistic incentive.

The number of ordinary shares of the Company that can be acquired by participants following the Hurdle Price being achieved will be determined on the date of the share exchange in accordance with the following formula:

$$X = A - ((A \times B) / C)$$

Where:

- X is the number of ordinary shares of the Company to be issued on exchange (rounded to the nearest whole number);
- A is the number of SE1L shares being exchanged;
- B is £0.56 (being the price at which the ordinary shares were admitted to dealing on AIM at the time of the Company's admission to AIM); and
- C is the closing middle market quotation of the ordinary shares of the Company on the date of the share exchange.

The awards issued pursuant to the LTIP are subject to a vesting date determined for each award. If the Hurdle Price is met after the vesting date, the award will vest when the Hurdle Price is met and the participant can then elect to exchange his or her SE1L shares for the relevant number of ordinary shares of the Company at any time thereafter. If the Hurdle Price is met prior to the vesting date, the award will not vest until the vesting date and the participant will not be able to exchange his or her SE1L shares for ordinary shares of the Company until after the vesting date unless there is a change of control of the Company, or the individual ceases to be an employee, Director or member of the Group.

Awards issued pursuant to the LTIP will be subject to full or partial forfeiture if the participant ceases to be either: (i) employed by a member of the Group; or (ii) a Director or a member of the Group prior to the vesting date (a "**Leaver**") (other than awards held by Andrew Knott, which are not subject to forfeiture provisions).

Pursuant to the terms of the forfeiture provisions, the participant would be required to transfer the following proportion of his or her awards for nil consideration to the Company or a person nominated by the Company:

- i. 100% if the participant becomes a Leaver within 2.5 years of being issued the awards;
- ii. 0% if the participant becomes a Leaver after five years of being issued the awards; and
- iii. if the participant becomes a Leaver at or after 2.5 years of being issued the awards, but before the fifth anniversary of the awards being issued, the proportion will be determined by the following formula: $50 - 50 \times ((Y - 2.5) / 2.5)$, where Y is the number of years that have elapsed between the awards being issued and the participant becoming a Leaver.



The number of ordinary shares of the Company that may be issued pursuant to the LTIP cannot, in aggregate, exceed 15% of the Company's fully diluted ordinary share capital at the time.

Supplementary Plan

On 30 July 2015, the Company established a supplementary share option plan (the "**Supplementary Plan**"). The Supplementary Plan is now closed and is not expected to reopen, given the material change in the Company's business.

The Supplementary Plan was implemented and structured principally on the same terms as the LTIP, subject to the following differences:

- a) the aggregate number of any issued or unissued ordinary shares being the subject of such schemes from time to time shall not exceed 15% of the Company's fully diluted share capital;
- b) one-half of the equity available under the Supplementary Plan and the LTIP shall be awarded to Mr Knott;
- c) the share price hurdle rate is three times that of the share option exercise price, which, for the purposes of the issue of share options under the Supplementary Plan, is £0.38 per ordinary share;
- d) options granted pursuant to the Supplementary Plan will vest and become exercisable on the earliest to occur of:
 - i. the Company's share price on any day equalling or exceeding £1.14 per ordinary share;
 - ii. any person or group of persons acting in concert obtaining control of 30% or more of the Company's issued share capital (other than the existing Concert Party);
 - iii. the sale of a substantial proportion of the Group's assets (as shall be determined by the Company's Remuneration and Nomination Committee in its sole discretion); or
 - iv. the passing of a resolution for the voluntary winding up of the Company;
- e) options granted pursuant to the Supplementary Plan will be granted over unissued ordinary shares of the Company, rather than shares in SE1L; and
- f) options granted pursuant to the Supplementary Plan will lapse in the event that a participant ceases to be either:
 - i. employed by a member of the Group; or
 - ii. a Director or a member of the Group prior to 28 November 2017.

As disclosed in the Company's Admission Document dated 22 December 2017, in the view of the Remuneration and Nomination Committee, the vesting and hurdle conditions of the Supplementary Plan were too stretching to serve as a realistic incentive. As a consequence, the Supplementary Plan is now closed and is not expected to reopen.

Employee Plan 2018

On 15 June 2018, the Company established an employee share option plan. The Employee Plan 2018 is a discretionary share plan administered by the Board or a committee appointed by the Board.

Any employee (including an Executive Director) of the Group will be eligible to participate in the Employee Plan 2018 at the discretion of the Board.

The Board must not grant an option which would cause the number of Ordinary Shares allocated under the Employee Plan 2018 and any other share plan adopted by the Company

from time to time to exceed such number as represents approximately 10% of the fully diluted ordinary share capital of the Company in issue from time to time.

Awards shall be granted in the form of options to acquire Ordinary Shares. Before Ordinary Shares are allotted pursuant to the exercise of any awards, the Board may decide to pay a cash amount equal to the value of the Ordinary Shares that the participant would otherwise have recorded, less the aggregate exercise price payable. Alternatively, the Board may deliver to the participant for nil or nominal value a number of Ordinary Shares with a value equal to the gain.

Awards may be granted over pre-existing Ordinary Shares held by the EBT.

The extent to which an award shall vest shall be determined by the Board by reference to a performance condition measuring the Company's total shareholder return ("TSR"). For the purposes of this performance condition, TSR shall be calculated as the volume weighted average price of the Ordinary Shares over any period of 30 continuous dealing days within a period of five years from the relevant date of grant, plus the aggregate value of any dividends paid by the Company per Ordinary Share during such period. A performance condition may be amended or substituted if an event occurs which causes the Board to consider that an amendment/substitution would be appropriate and would not be materially less difficult to satisfy.

Awards which are subject to performance conditions will normally vest as soon as practicable after the performance condition has been satisfied. Awards will normally be exercisable from the date of vesting until the tenth anniversary of the grant date.

Various provisions will apply to the awards as set out below in the event of serious misconduct on the part of the participant where such conduct would justify their summary dismissal. At any time up to the date of vesting of an award, the Board may cancel the award or impose further conditions on it if the event described above occurs.

Officers Plan 2020

On 30 April 2020, the Company established a non-tax advantaged share option plan.

Options may be granted to officers (whether or not employees) of the Group. The Board has an absolute discretion as to the selection of individuals to whom options may be granted.

Options may generally be granted at any time provided that such grant is not in breach of the AIM Rules or the Market Abuse Regulations. No options may be granted after the tenth anniversary of the adoption of the Officers Plan 2020.

The exercise price shall be as specified by the Board at the date of grant of each option. Where such option is a right to subscribe for new Ordinary Shares, the exercise price in respect of that option shall not be less than the nominal value of an Ordinary Share.

There is no overall limit on awards that may be made under the Officers Plan 2020 by reference to the issued share capital of the Company.

The exercise of options granted under the Officers Plan 2020 is not subject to the meeting of any performance targets.

In the event of any variation of the share capital of the Company, the Board may make such adjustment as it considers appropriate to the aggregate number or description of option shares and/or the exercise price.

Options granted under the Officers Plan 2020 are not subject to any vesting criteria and are exercisable at any time.



Directors' Remuneration report continued

Officers Plan 2020 continued

An option granted under the Officers Plan 2020 is not transferrable. Options are exercisable within a limited time period which varies depending on the circumstances in which they have become exercisable and any terms specified in the option contract. Options will lapse if they are not exercised within the applicable period. Options will lapse in any event on the tenth anniversary of the date of grant, if not exercised before that date.

The Board may at any time alter or add to any of the provisions of the Officers Plan 2020 in any respect provided that no alterations or additions shall be made to options granted before the alteration or addition without the consent of the affected option holders.

Employee 2014/15 Replacement Plan

On 23 December 2021, the Company established a non-tax advantaged share option plan.

Options may be granted to employees (including directors) and officers (whether or not employees) of the Group. Whereas the Board has an absolute discretion as to the selection of employees or officers to whom options may be granted, it is intended that options will only be granted under the Employee 2014/15 Replacement Plan 2021 to participants who have surrendered awards granted to them under the LTIP and the Supplemental Plan.

Options may be granted by the Board at any time, provided that such grant is not in breach of the AIM Rules or the Market Abuse Regulations. No options may be granted after the tenth anniversary of the date of adoption of the Employee 2014/15 Replacement Plan 2021.

The exercise price shall be as specified by the Board at the date of grant of each option. Where such option is a right to subscribe for new Ordinary Shares, the exercise price in respect of that option shall not be less than the nominal value of an Ordinary Share.

There is no overall limit on awards that may be made under the Employee 2014/15 Replacement Plan 2021 by reference to the issued share capital of the Company.

The Board may determine and specify that the exercise of an option is conditional upon the meeting of performance targets. Such performance targets are at the discretion of the Board and can differ from employee to employee.

In the event of any variation of the share capital of the Company, the Board may make such adjustment as they consider appropriate to the aggregate number or description of option shares and/or the exercise price.

Options will become exercisable once they have vested.

Options granted to replace surrendered awards (granted under the LTIP and Supplemental Plan) that are subject to performance targets will vest on the earlier of: (i) the relevant performance target having been satisfied or waived or when the Board in its discretion has deemed the performance targets to be satisfied; or (ii) an exit involving (broadly) the sale of 30% or more of the ordinary share capital of the Company, the sale of 20% or more of the Group's assets or a voluntary winding-up. If the employee or office holder's employment or office ceases, they will be entitled to retain the option (the holding period having already been satisfied under the original surrendered award).

An option granted under the Employee 2014/15 Replacement Plan 2021 is not transferrable. Options are exercisable within a limited time period which varies depending on the circumstances in which they have become exercisable and any terms specified in the option contract. Options will lapse if they are not exercised within the applicable period. Options will lapse in any event on the tenth anniversary of the date of grant, if not exercised before that date.

Employee Plan 2021

On 23 December 2021, the Company established a non-tax advantaged share option plan.

Options may be granted to employees (including Executive Directors) of the Group. The Board has an absolute discretion as to the selection of employees to whom options may be granted.

Options may be granted by the Board at any time, provided that such grant is not in breach of the AIM Rules or the Market Abuse Regulations. No options may be granted after the tenth anniversary of the date of adoption of the Employee Plan 2021.

The exercise price shall be as specified by the Board at the date of grant of each option. Where such option is a right to subscribe for issued Ordinary Shares (for example, shares held the EBT), the exercise price in respect of that option may be nil. Where such option is a right to subscribe for new Ordinary Shares, the exercise price in respect of that option shall not be less than the nominal value of an Ordinary Share.

There is no overall limit on awards that may be made under the Employee Plan 2021 by reference to the issued share capital of the Company.

The Board may determine and specify that the exercise of an option is conditional upon the meeting of performance targets. Such performance targets are at the discretion of the Board and can differ from employee to employee.



In the event of any variation of the share capital of the Company, the Board may make such adjustment as they consider appropriate to the aggregate number or description of option shares and/or the exercise price.

Options will become exercisable once they have vested. Options granted to replace surrendered options (granted under the Employee Plan 2018) and to new participants and that are not subject to performance conditions will vest in five tranches during a five year vesting period (one-fifth on each of the first, second, third, fourth and fifth anniversary of the date of grant). If the option holder's employment ceases before the end of the five year period the employee may normally only exercise their option to the extent it has vested.

An option granted under the Employee Plan 2021 is not transferrable. Options are exercisable within a limited time period which varies depending on the circumstances in which they have become exercisable and any terms specified in the option contract. Options will lapse if they are not exercised within the applicable period. Options will lapse in any event on the tenth anniversary of the date of grant, if not exercised before that date.

Following an option being exercised, an option holder may be prohibited from selling the acquired Ordinary Shares for a period of up to 24 months, subject to customary exceptions and Group equity-holding/share dealing policies. Such period and exceptions and Group policies, if applicable, will be notified to each option holder at the time of grant of their options.

In certain circumstances, where there have been unsatisfactory actions by an option holder, the Board may reduce the option by such number of option shares as the Board considers to be fair and reasonable, taking account of all circumstances that the Board considers to be relevant. Where the option has already been exercised, the Board may determine a cash clawback amount in relation to the Ordinary Shares acquired on such exercise.

The Board may at any time alter or add to any of the provisions of the Employee Plan 2021 in any respect.

Directors' service contracts or letters of appointment

Andrew Knott (Chief Executive Officer)

Mr Knott is appointed as Chief Executive Officer. Mr Knott's service agreement shall continue until terminated by the Company on twelve months' written notice. Under the terms of the agreement, Mr Knott is entitled to an annual salary of £525,000 (2020: £525,000), which is payable on a monthly basis and, at the sole discretion of the Company's Remuneration and Nomination Committee, a bonus of up to three times his annual salary. Mr Knott is also eligible to

participate in any management incentive programme that the Group may adopt. Mr Knott receives an employer's pension contribution equal to 10% of his annual salary. The service agreement provides for early termination, inter alia, in the event of a serious breach of the agreement. Mr Knott's service agreement will be terminated in the event that Mr Knott ceases to be a Director.

Non-Executive Directors

The Non-Executive Directors were appointed under letters of appointment which during 2021 were terminable by six months' written notice by either side, except where there has been a change of control of the Company, in which case the notice period would be twelve months.

The Chairman's basic annual fee is based on his spending a minimum of five days a month on the Company's business, and the Non-Executive Directors' fees are based on a minimum of 2.5 days a month.

Under the terms of their letters of appointment, Mr Jenkins is entitled to an annual fee of £175,000 (2020: £175,000) and the remaining Non-Executive Directors are entitled to an annual fee of £60,000 (2020: £60,000).

Subject to continued satisfactory performance, the Board does not think it appropriate to limit the term of appointment of the Non-Executive Directors. However, the Board recognises the value of regular refreshing of its composition and remains committed to ensuring that it has the right mix of skills and experience that are aligned with the evolution and strategic plans of the Company, while maintaining its independence of character and judgement. The Directors believe that the value brought through continuity and experience of Directors with longer periods of service is desirable for a company such as Savannah. With an objective to deliver long-term and consistent returns to shareholders it is important that the Board is able to maintain effectively its long-term perspective, supported by some corporate memory, but with the regular challenge provided by fresh thinking. The Board also believes that the performance-related shares and options awarded to certain of the Non-Executive Directors further encourage the alignment of their interests with those of the Company's shareholders and are not material enough to compromise their independence, character and judgement.



Directors' Remuneration report continued

Directors' remuneration

The remuneration of the Directors who served the Company during the financial year under review was as follows:

Year ended 31 December 2021	Salary US\$	2020 Performance- related bonus US\$	Pension contribution US\$	Other benefits US\$	Fees US\$	Total US\$
Executive Directors						
Andrew Knott ^{1,2}	721,768	1,349,837	72,177	4,074	—	2,147,856
Isatou Semega-Janneh ³	213,592	—	2,544	1,171	—	217,307
Non-Executive Directors						
Steve Jenkins	—	—	—	—	240,589	240,589
David Clarkson	—	—	—	—	82,488	82,488
Sir Stephen O'Brien	—	—	—	—	82,488	82,488
Mark Iannotti	—	—	—	—	82,488	82,488
David Jamison	—	—	—	—	82,488	82,488
Total	935,360	1,349,837	74,721	5,245	570,541	2,935,704

1. Highest paid Director.

2. Andrew Knott receives his employer's pension allowance equivalent to 10% of salary as cash.

3. Isatou Semega-Janneh ceased as an Executive Director on 12 August 2021.

Note: Directors' remuneration is incurred in GB Pounds. The average rate of exchange for the year ended 31 December 2021 was US\$1.36/£1.00.

The remuneration of the Directors who served the Company during the prior financial year was as follows:

Year ended 31 December 2020	Salary US\$	2019 Performance- related bonus US\$	Pension contribution US\$	Other benefits US\$	Fees US\$	Total US\$
Executive Directors						
Andrew Knott ^{1,2}	675,379	1,364,405	67,538	3,425	—	2,110,747
Isatou Semega-Janneh ³	321,609	255,826	27,564	1,479	—	606,478
Non-Executive Directors						
Steve Jenkins	—	—	—	—	225,126	225,126
David Clarkson	—	—	—	—	77,186	77,186
Sir Stephen O'Brien	—	—	—	—	77,186	77,186
Mark Iannotti	—	—	—	—	77,186	77,186
David Jamison	—	—	—	—	77,186	77,186
Michael Wachtel ⁴	—	—	—	—	131,308	131,308
Total	996,988	1,620,231	95,102	4,904	665,178	3,382,403

1. Highest paid Director.

2. Andrew Knott receives his employer's pension allowance equivalent to 10% of salary as cash.

3. Isatou Semega-Janneh's employer's pension allowance was 8% of salary in 2020.

4. Michael Wachtel (who left the Board in December 2020) received a fee of US\$71,034 in respect of his appointment as a Non-Executive Director and earned additional fees of US\$60,274 for additional services. The additional fees are recognised at the year-end rate of exchange of US\$1.37/£1.00.

Note: Directors' remuneration is incurred in GB Pounds. The average rate of exchange for the year ended 31 December 2020 was US\$1.32/£1.00.



Directors' shareholdings and share interests

The table below sets out the Directors' interests in the ordinary shares of the Company, including shares held by persons connected to them, together with the number of awards held by Directors under the Employee Plan 2018, the Officers Plan 2020 and the Employee 2014/15 Replacement Plan as at 31 December 2021 and as at 6 June 2022, being the latest practicable date prior to the publication of this report.

Year ended 31 December 2021	As at 31 December 2021 Number of ordinary shares	Number of ordinary shares ¹	% of issued shares ¹	Share options issued pursuant to the Employee Plan 2018 ^{1,2}	Share options issued pursuant to the Officers Plan 2020 ^{1,2}	Share options granted under the 2014/15 Replacement Plan 2021 ¹	Warrants to subscribe for new Ordinary Shares ¹
Executive Directors							
Andrew Knott	36,942,019	48,555,409	3.89%	21,312,418	2,200,000	17,035,204	101,113,992
Non-Executive Directors							
Steve Jenkins	463,800	722,198	0.06%	—	—	2,805,215	—
David Clarkson	1,113,692	1,630,488	0.13%	—	—	—	—
Sir Stephen O'Brien	275,601	533,999	0.04%	—	142,857	—	—
Mark Iannotti	3,667,984	5,367,984	0.43%	—	—	2,805,215	—
David Jamison	651,009	651,009	0.05%	—	142,857	402,608	—
Total	43,114,105	57,461,087	4.60%	21,312,418	2,485,714	23,048,242	101,113,992

1. As at 6 June 2022.

2. Share options granted under the Employee Plan 2018 and the Officers Plan 2020 are over ordinary shares held in an EBT.

The closing share price of one Savannah share on 31 December 2021 was 22.5 pence and the highest and lowest prices during the year were 25.0 pence and 11.85 pence, respectively.

On behalf of the Board

David Jamison
Chairman, Remuneration and Nomination Committee
7 June 2022



Compliance Committee Report

Compliance at the HEART of the business



Sir Stephen O'Brien
Chairman, Compliance Committee

Members	Meetings attended	Member since
Sir Stephen O'Brien (Chair)	4/4	December 2020
David Clarkson	4/4	January 2018
Mark Iannotti	4/4	January 2018
David Jamison	4/4	January 2018

Key responsibilities:

- Reviewing and monitoring compliance controls, policies and systems to identify, assess, manage and report on compliance matters, including:
 - maintaining adequate compliance procedures, policies and systems;
 - the prevention of bribery, corruption, money laundering and countering of terrorist financing;
 - gifts and hospitality, per diem payments, business relationships, including dealings with public officials, host communities, agents, intermediaries, consultants, contractors and advisers;
 - mergers, acquisitions and major new projects;
 - whistleblowing arrangements and reports;
 - conflicts of interest; and
 - legal and regulatory compliance risks;
- Assessing the adequacy and effectiveness of the compliance framework; and
- Communicating the Board's commitment to compliance to the Group's staff, contractors and other stakeholders.

The role of the Committee is to support the Board in carrying out its duty to promote and oversee compliance with all legal and regulatory obligations. The terms of reference of the Committee outline its key responsibilities and reflect the current statutory requirements and best practice proportionate to a company of Savannah's size, nature and stage of development. The terms of reference for the Committee are available on the Company's website at www.savannah-energy.com.

Activities during the year

During the financial year ended 31 December 2021, the Committee:

- Agreed the content for, and monitored the annual mandatory compliance training programme which covers anti-bribery and corruption and whistleblowing (for all staff), and anti-money laundering and prevention of tax evasion (for relevant staff). The Committee places great importance on training and during 2021 the mandatory training programme was expanded to additionally include data privacy training;
- Received quarterly compliance reports from the Chief Compliance Officer ("CCO") including any matters referred to the CCO for decision;
- Reviewed the group's Anti-Bribery & Corruption and Whistleblowing policies and also reviewed the Group's Gifts and Hospitality Policy (which included setting up a new online register to ensure transparency and consistency);

- continued to review and monitor the corruption risk in the jurisdictions in which we operate in relation to key business processes such as third party engagements, government interactions, host community engagements, gift & entertainment limits/threshold and conflict of interests;
- reviewed and provided advice to the Board on key compliance risks in relation to new business opportunities being considered by the Company;
- led internal discussions on ensuring that all aspects of ESG risk received Board oversight through one of the Board Committees, avoiding duplication of effort or gaps in coverage;
- continued to monitor the whistleblowing hotline; and
- reviewed compliance with appropriate data privacy regulations in all jurisdictions in which the Company operates.

Sir Stephen O'Brien
Chairman, Compliance Committee
7 June 2022

Health, Safety, Security and Environment Committee Report

FOCUS on safe, secure, reliable, compliant and sustainable operations



David Clarkson
Chairman, Health, Safety, Security and Environment Committee

Members	Meetings attended	Member since
David Clarkson (Chair)	6/6	January 2018
Steve Jenkins	6/6	January 2018
Sir Stephen O'Brien	6/6	January 2018

Key responsibilities:

- Ensuring that the Company has an appropriate framework of policies, procedures, systems and controls in place in relation to the health, safety, operational integrity, security and environmental risks arising from the operations of the Group;
- Overseeing compliance with, and effectiveness of, the HSSE framework;
- Promoting appropriate behaviours, decisions and culture;
- Communicating the Board's commitment to these matters to the Group's staff, contractors and other stakeholders;
- Receiving reports on any serious accidents and incidents within the Group, including corresponding actions taken by management; and
- Overseeing the quality and integrity of any reporting to external stakeholders regarding health, safety, operational integrity, security and environmental matters.

The terms of reference for the Committee are available on the Company's website at www.savannah-energy.com.

The role of the Committee is to oversee the framework of policies, procedures, systems and controls in place in relation to the health, safety, environmental, operational integrity and security risks arising from the operations of the Group. The terms of reference of the Committee outline its key responsibilities and reflect the current statutory requirements and best practice commensurate and proportionate to a company evolving to an energy company of Savannah's scale.

Activities during the year

During the financial year ended 31 December 2021, the Committee:

- received regular operational updates from the Chief Operating Officer on health, safety, security and environmental performance and risks, including any accidents, breaches or incidents of non-compliance. Testing for Covid-19 was done rigorously at the Nigerian operations, and with management's strong encouragement a high proportion of the staff were vaccinated. There were no Lost Time Injuries or adverse environmental impacts in 2021;
- monitored the progress of the assets including drilling of the Uquo-11 well;
- monitored and discussed the Company's continuing activities to embed and report on the environmental, social and governance ("ESG") aspects of the enlarged operations;
- oversaw the Company's Health, Safety, Security and Environmental management plan;

- oversaw the Corporate HSSE Report, defining the leading and lagging indicators for the Group and paying particular attention to issues arising from the Covid-19 pandemic in terms of staff welfare and working practices; and
- reviewed the 2021 Group Performance Plan. This led to the agreement of HSSE KPIs which will be applied as part of the 2022 HSSE programme.

The Committee is assisted at its meetings by the attendance of the Chief Operating Officer and/or the Head of HSE, which has created a culture of constructive debate that is helpful to both the management and the members of the Committee.

David Clarkson
Chairman, Health, Safety, Security and Environment Committee
7 June 2022



Directors' Report

Focus on delivering GROWTH in long-term shareholder value

The Directors' Report, prepared in accordance with the Companies Act 2006, comprises page 102. The Corporate Governance Report on pages 85 to 87 forms part of this Directors' Report.

Principal activity, review of the business and future developments

The principal business and activities of the Group during the financial year, together with the factors likely to affect its future developments, are set out in the Strategic Report on pages 1 to 79, which are incorporated into this Directors' Report by reference.

Corporate structure

Savannah Energy PLC (registered no. 09115262), formerly Savannah Petroleum PLC, is a public company limited by shares, incorporated in England and Wales. Its shares are traded on the Alternative Investment Market of the London Stock Exchange.

The Board

The details of the Directors during the year under review are shown on pages 80 to 82.

Directors' indemnity

As permitted by its Articles of Association, the Company has granted a third-party indemnity to each Director against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by English law. This indemnity was in force during the financial year and up to the date of signing of this report. In addition, all Directors and officers of the Company and its subsidiaries are covered by Directors' and Officers' liability insurance.

Financial risk management objectives and policies

The Group's financial risk management objectives and policies, including its policy for managing the exposure of the Company to price risk, credit risk, liquidity risk and foreign currency risk, are set out in Note 33 to the Group's consolidated financial statements.

Going concern

The Group's business activities, together with the principal risks and uncertainties that are likely to affect it, are set out in the Strategic Report on pages 1 to 79, and the financial position of the Group at the year end and its cash flows and liquidity position are set out in the Group's consolidated financial statements.

The Directors have reviewed the budgets and forecasts as well as the funding requirements of the business for the period to 31 December 2023. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 64 to 69.

The Directors continue to adopt the going concern basis in preparing the consolidated financial statements. Please refer to Note 2 on page 118 for further details on going concern review.

Dividends and Share Buybacks

The commencement of a policy of delivering shareholder distributions, by way of dividends and/or share buybacks, is kept under regular review by the Board. We continue to review at the most appropriate time for such distributions to commence.

External auditor

A resolution to re-appoint BDO LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Purchase of own shares

The Company has not acquired any of its own shares in the period to 31 December 2021, nor in the period up to the date of approval of this Annual Report.

Disclosures relating to the Streamlined Energy and Carbon Reporting ("SECR") framework

The disclosures required in relation to greenhouse gas emissions and energy usage are provided in the Sustainability Review on page 36.

Research and development

The Company does not undertake any material research and development activities.

Existence of branches outside the UK

The Group's activities in overseas jurisdictions are carried out through subsidiary companies. The Company does not have any branches outside the UK. Details of the Company's overseas subsidiaries are set out in Note 21 to the Group's consolidated financial statements.

Political donations

No political donations were made in 2021.

Approval of Directors' Report

This Directors' Report, including the Corporate Governance Report, was approved for and on behalf of the Board on 7 June 2022.

For and on behalf of the Board.

Andrew Knott
Chief Executive Officer
7 June 2022



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors consider the Annual Report and the financial statements, taken as a whole, provide the information necessary to assess the Company's position, performance, business model and strategy and are fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Andrew Knott
Chief Executive Officer
7 June 2022



Independent Auditor's Report

to the members of Savannah Energy PLC

Opinion

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Savannah Energy PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw your attention to note 2 of the financial statements, which explains that the Parent Company's and Group's ability to continue as a going concern is dependent on either the support from its lenders to continue to amend the terms of the US\$371 million bank loan facility in Accugas Limited (the "Accugas Loan"), or a refinancing of the Accugas Loan. There are currently no unconditional or binding agreements in place for a refinancing and there is no guarantee that a refinancing will ultimately be successful. As stated in note 2, these events or conditions indicate that a material uncertainty exists which may cast significant doubt over the Parent Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We have determined going concern to be a key audit matter and our response to this and our evaluation of the Directors' assessment of the Parent Company's and Group's ability to continue to adopt the going concern basis of accounting is set out below.

Our specific audit procedures in this regard included:

- Agreeing the opening cash position of the Group to supporting documentation;
- Assessing the Directors process for forecasting and going concern model preparation;
- Retrospective analysis of estimates in the prior year's going concern model and undertaking a comparison to the current year's results to conclude on the reasonableness of prior year's estimates;
- Assessing the Directors financial forecasts for the period to December 2023 for consistency and reasonableness by comparing the key underlying assumptions, including oil and gas pricing and production volumes, royalties, operating costs and capital expenditures to the forecasts for the related cash flows as per the Competent Person's Report on the oil and gas reserves as well as current year's actual performance;
- Agreeing the debt service costs and repayments schedule to third party loan agreements to verify completeness and timing of the related cash outflows in the model;
- Reviewing the scenarios prepared by the Directors which consider potential adverse development scenarios. These scenarios included sensitising key assumptions underpinning the forecasts, including oil pricing, timing of customer receipts and production rates and the assessment of the resulting level of cash at the end of going concern assessment period under such scenarios. During the course of our work, we considered whether there were any other reasonably likely scenarios which may occur;
- Examining the latest correspondence, Management's memoranda and Board minutes related to the Accugas Loan refinancing to determine if there was any available information contradictory to the assumptions made in the going concern model; and
- Reviewing and evaluating the adequacy, completeness and consistency of disclosures in the financial statements with the Directors going concern assessment.

In auditing the financial statements, we have concluded that the Directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.



Our approach to the audit

Overview	
Coverage¹	97% of Group loss before tax 100% of Group revenue 87% of Group total assets
Key audit matters	2021
	Oil and gas revenue recognition ✓
	Carrying value of oil and gas assets in Nigeria ✓
	Going concern ✓
Materiality	Group financial statements as a whole £3,500,000 based on 5% of profit before tax, adjusted for finance costs

1. These are areas which have been subject to a full scope audit by the Group audit team and the component auditor.

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Identification of significant components
The Group's key producing assets are based in Nigeria, with exploration assets in Niger. Our Group audit scope focused on the Group's producing and exploration assets to gain sufficient coverage over the Group's total assets, total revenue and loss before tax while considering the audit risks identified.

As a result, we determined four significant components which were subjected to a full scope audit, three of which hold the producing assets namely: (1) Accugas Limited, (2) Savannah Energy Uquo Gas Limited and (3) Universal Energy Resources Limited and one of which is (4) Savannah Energy Plc (Company only). Non-significant components that require statutory audits in the UK were also subject to a full scope audit which contributed to the above-mentioned audit coverage.

The financial information of the remaining non-significant components, where there is no statutory audit requirement, were principally subject to analytical review procedures, with specified audit procedures performed on certain elements of their trial balances where there were material balances identified such as in respect of operating costs, finance expenses, cash and interest-bearing loans. In addition the Group's Niger subsidiary was subject to specific audit procedures relating to significant audit risk areas.

In establishing our overall approach to the Group audit the BDO network firm in Nigeria undertook the audit work on the Nigerian significant components Accugas Limited, Savannah Energy Uquo Gas Limited and Universal Energy Resources Limited. All work performed on the non-significant components and the Parent Company was performed by the Group audit team. All significant risks were audited by the Group audit team.

Our involvement with component auditors
For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Detailed Group reporting instructions were sent to the component auditor, which included details of the principal areas to be covered by the audits, testing requirements, and set out the information to be reported to the Group audit team.
- The Group audit team were actively involved in the significant component audits performed by the component auditor for Group reporting purposes. This included discussion and feedback on key audit documents supporting the component auditor's conclusions on significant risk areas.
- Due to the continuing impact of Covid-19 the Group audit team were unable to travel to the location of the component auditor to perform the review of their work. Alternative methods and procedures were performed to ensure sufficient and appropriate audit evidence was obtained to support our Group audit opinion. These procedures included remote review of the component auditor's work papers, and engaging with the component auditor by video calls and emails during their planning, fieldwork and completion phases. The component auditors have made visits to the Group's principal operating locations in Nigeria.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.



Independent Auditor's Report continued

to the members of Savannah Energy PLC

Key audit matters continued

Key Audit Matter

Risk 1: Oil and gas revenue recognition

The Group generates revenue from the sale of oil and gas to customers in Nigeria. This revenue is generated by the subsidiaries Accugas Limited, Savannah Energy Uquo Gas Limited and Universal Energy Limited.

The principal areas of risk were considered to be cut-off i.e. revenue being recorded in the incorrect period around the year end; completeness i.e. that all revenue due for the period has not been recorded and accuracy i.e. that revenue has been recorded at the incorrect price.

The risks over cut-off and completeness arise from the need to confirm that revenue recognised in the year reflects amounts of oil and gas products actually delivered, and that in the case of gas sales that accounting for make-up gas utilisation has been correctly accounted for. The risk over accuracy reflects that the crude oil and certain of the gas sales agreements include pricing formulas, which may have been incorrectly applied.

Given the significance of the transactions this is considered to be a key audit matter.

How our scope of our audit addressed the key audit matter

Our specific audit procedures in this regard included:

- Examining the contracts for oil and gas sales for each customer of the three Nigerian operating subsidiaries, and assessing the appropriateness of Management's assessment of revenue recognition under IFRS 15 Revenue from Contracts with Customers;
- Testing gas sales revenue recognised to supporting evidence. This included testing for completeness by recalculating the expected revenue for each month in accordance with the terms of the Gas Sale Agreement, take or pay gas quantities and utilisation of make-up gas based on gas delivered per the Gas Consumption Certificates for each month. Accuracy was tested by checking the gas price charged agreed to the relevant fixed price as stated in the Gas Sale Agreement. No significant differences were noted;
- Testing crude oil revenue recognised to supporting evidence. This included testing for completeness by recalculating the expected revenue for each month in accordance with the terms of the Crude Oil Sale Agreement based on oil delivered to Qua Iboe Terminal for each month. Accuracy was tested by checking the oil price charged agreed to the pricing formula as stated in the Crude Oil Sale Agreement. No significant differences were noted;
- Testing condensates revenue recognised to supporting evidence. This included testing for completeness by recalculating the expected revenue for each month in accordance with the terms of the Sale and Purchase Agreement with the single customer based on condensates lifted to each vessel as communicated by the customer for each month. Accuracy was tested by checking the price charged agreed to the relevant fixed price as stated in the Sale and Purchase Agreement. No significant differences were noted;
- Testing crude oil processing revenue recognised to supporting evidence. This included testing for completeness by recalculating the expected revenue for each month in accordance with the terms of the Crude Processing Agreement based on processed crude delivered per the Crude Processing Report for each month. Accuracy was tested by checking the price charged agreed to the price as stated in the Crude Processing Agreement. No significant differences were noted;
- Testing cut-off at the year end by checking that revenue was recorded in the correct period by vouching revenue recognised either side of the year end to evidence of pre and post year end delivery, which included Gas Consumption Certificates for gas sales, crude processing reconciliation report for crude oil processing, and bills of lading for oil and condensate sales; and
- Performing testing of a sample of manual journals to revenue and, vouching these to supporting explanations and evidence such as the Group's gas model.

Relevant disclosures in the Annual Report and Accounts 2021

Financial statements: Note 3, Significant Accounting Policies; and Note 6, Revenue.

Key observations

Based on the procedures performed we did not identify any material misstatement in respect of the accuracy of revenue, its completeness or cut-off. Revenues were found to correctly reflect the oil and gas products delivered in the year, and pricing has been correctly applied in accordance with the oil and gas sale agreements.



Key audit matters continued

Key Audit Matter

Risk 2: Carrying value of the oil and gas assets in Nigeria

The oil and gas development and producing assets form a significant part of the Group's statement of financial position. Management is required to consider if there are any facts or circumstances (potential impairment indicators) that would suggest that the oil and gas producing and development assets would be impaired in accordance with IAS 36 Impairment. Where indicators of impairment are identified, impairment testing is required to ensure that the Group's assets are carried at no more than their recoverable amount. Following their assessment, Management have not identified any impairment indicators on its oil and gas development and they have concluded that the producing assets form a single cash generating unit (CGU) in Nigeria.

How our scope of our audit addressed the key audit matter

Our specific audit procedures in this regard included:

- Reviewing and assessing Management's allocation of assets to the CGU for the purpose of the impairment assessment, and Management's assessment of impairment indicators against the requirements of the applicable accounting standards;
- Assessing performance against budgets/plans in the financial year 2021 for the Uquo and Stubb Creek fields as well as the Accugas processing facility which form the Nigerian CGU in order to identify indicators of impairment;
- Performing a high-level review of Management's key impairment model assumptions, challenging the appropriateness of estimates with reference to historical data and external evidence where available;
- Confirming the consistency of the reserves and resources and related future cash flows in the impairment model with the economic forecasts as per the latest Competent Person's Report;
- Assessing the experts used by Management in compiling the Competent Person's Report on the reserves, particularly focused on the competency of the expert and the scope of their work to ensure the Competent Person's Report was prepared under the required guidelines and is appropriate for its intended purpose; and
- Assessing the reasonableness of estimates underlying the economic forecasts for the Nigerian CGU as contained in the Competent Person's Report by performing retrospective analysis of the prior years' forecast against the current year's actual performance. In addition analysis of the 2022 forecast against the current year's actual performance was performed to consider the reasonableness of the forecast figures. The key metrics assessed included pricing, production volumes, royalties, operating expenses and capital expenditures.

Relevant disclosures in the Annual Report and Accounts 2021

Financial statements: Note 3, Significant Accounting Policies; and Note 16, Property, plant and equipment.

Our results

Based on procedures performed we found the judgements and estimates applied by Management in assessing for potential triggers for impairment of the oil and gas development and producing assets in Nigeria were appropriate and that their conclusion that there was no impairment as of 31 December 2021 to be supportable and appropriate.



Independent Auditor's Report continued

to the members of Savannah Energy PLC

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Materiality measure	Group	Parent Company
Materiality	US\$3,500,000	US\$1,000,000
Basis for determining materiality	5% of profit before tax adjusted for finance costs.	5% of operating profit less intercompany revenue
Rationale for the benchmark applied	The Group is a trading entity and has profitable operations for the year. A profit-based benchmark was therefore considered appropriate. The adjustment to remove the finance costs is considered to be more reflective of the performance of the underlying oil and gas operations.	The Parent Company is responsible for management of the producing operations and incurs costs relating to supporting this function. A profit-based benchmark was therefore considered appropriate. The adjustment to remove intercompany revenue is considered to better reflect the cost of operations performed by the Parent Company.
Performance materiality	US\$2,500,000	US\$700,000
Basis for determining performance materiality	70% of materiality for financial statements as a whole. This is the first year of audit by BDO LLP, hence a lower level of performance materiality.	70% of materiality for financial statements as a whole. This is the first year of audit by BDO LLP, hence a lower level of performance materiality.

Component materiality

We set materiality for each component of the Group based on a percentage of between 14% and 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from US\$500,000 to US\$3,100,000. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of US\$80,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (UK adopted international accounting standards, the Companies Act 2006, the AIM rules and the QCA Corporate Governance Code), local taxation legislation in the countries where the Group operates, and the terms and requirements included in the Group's operating and exploration licences.

Our procedures included the following:

- We gained an understanding of how the Group is complying with those legal and regulatory frameworks by making inquiries of Management, and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes and other supporting documentation; and
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations noted above.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and revenue recognition (refer to the Key Audit Matters set out above).



Independent Auditor's Report continued

to the members of Savannah Energy PLC

Auditor's responsibilities for the audit of the financial statements continued

Extent the audit was considered capable of detecting irregularities, including fraud continued

Our procedures included:

- Holding discussions with the audit engagement team as to how and where fraud might occur in the financial statements and where any potential indicators of fraud may arise in the Group in order to consider how our audit strategy should reflect our considerations;
- Testing the appropriateness of journal entries made throughout the year, to supporting documentation, by applying specific criteria to detect possible irregularities or fraud;
- We assessed and challenged key areas of judgement and estimation made by management, including their assessment of the going concern position of the Parent Company and Group, and their assessment of indicators of impairment to the Group's oil and gas assets (refer to the Key Audit Matters set out above);
- We enquired of Management and the Audit Committee of known or suspected instances of fraud, potential litigation and claims. We read minutes of meetings of those charged with governance, and reviewed correspondence with local tax and regulatory authorities;
- We obtained an understanding of the design and implementation of relevant controls surrounding the financial reporting close process such as controls over the posting of journals and the consolidation process and obtained an understanding of the segregation of duties in these processes;
- With regards to compliance with laws and regulations at the component level we instructed the component auditor to report to us on any instances of non-compliance with local laws and regulations that could result in a risk of material misstatement in the Group financial statements. We have reviewed the component auditor's working papers over laws and regulations compliance and no matters were noted; and
- We also communicated relevant identified laws and regulations and identified fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Sayers

Anne Sayers

Senior Statutory Auditor
for and on behalf of BDO LLP
Statutory Auditor
London, United Kingdom
8 June 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	Note	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Revenue	6	185,799	169,005
Cost of sales	7	(65,011)	(72,460)
Gross profit		120,788	96,545
Administrative and other operating expenses		(25,675)	(14,691)
Transaction expenses	8	(7,374)	—
Expected credit loss and other related adjustments	23	(26)	10,992
Operating profit	8	87,713	92,846
Finance income	10	490	472
Finance costs	11	(76,604)	(75,796)
Fair value adjustment	12	(610)	(1,682)
Foreign exchange loss	13	(18,734)	(5,396)
(Loss)/profit before tax		(7,745)	10,444
Current tax expense	14	(2,589)	(4,197)
Deferred tax credit/(expense)	14	27,437	(12,685)
Tax credit/(expense)	14	24,848	(16,882)
Profit/(loss) after tax		17,103	(6,438)
Other comprehensive income			
Items not reclassified to profit or loss:			
Actuarial gains/(losses) relating to post-employment benefits	32	1,827	(362)
Tax relating to items not reclassified to profit or loss	14	(609)	308
Other comprehensive profit/(loss)		1,218	(54)
Total comprehensive profit/(loss)		18,321	(6,492)
Profit/(loss) after tax attributable to:			
Owners of the Company		768	(6,684)
Non-controlling interests	27	16,335	246
		17,103	(6,438)
Total comprehensive profit/(loss) attributable to:			
Owners of the Company		1,742	(6,738)
Non-controlling interests	27	16,579	246
		18,321	(6,492)
Earnings/(loss) per share			
Basic (US\$)	15	0.00	(0.01)
Diluted (US\$)	15	0.00	(0.01)

The comparative amounts have been restated. For more details refer to note 34.

All results in the current financial year derive from continuing operations.

The notes on pages 118 to 167 form part of these financial statements.



Consolidated Statement of Financial Position

as at 31 December 2021

	Note	2021 US\$'000	2020 US\$'000	As at 1 January 2020 US\$'000
Assets				
Non-current assets				
Property, plant and equipment	16	568,201	612,707	618,286
Exploration and evaluation assets	17	161,343	159,572	154,745
Deferred tax assets	14	223,814	196,986	209,363
Right-of-use assets	18	4,724	5,581	4,183
Restricted cash	20	1,635	1,635	1,828
Finance lease receivable	19	722	1,049	—
Total non-current assets		960,439	977,530	988,405
Current assets				
Inventory	22	3,873	2,916	4,020
Trade and other receivables	23	231,631	122,400	106,332
Cash at bank	24	152,644	104,363	46,256
Total current assets		388,148	229,679	156,608
Total assets		1,348,587	1,207,209	1,145,013
Equity and liabilities				
Capital and reserves				
Share capital	25	1,409	1,409	1,393
Share premium	25	61,204	61,204	61,204
Shares to be issued	25	63,956	—	—
Treasury shares	25	(58)	(59)	—
Capital contribution	25	458	458	458
Share-based payment reserve	25	8,706	7,104	6,448
Retained earnings		157,221	155,308	161,099
Equity attributable to owners of the Company		292,896	225,424	230,602
Non-controlling interests	27	13,842	(2,737)	(2,983)
Total equity		306,738	222,687	227,619
Non-current liabilities				
Other payables	28	3,415	4,648	7,500
Borrowings	29	108,652	424,667	460,665
Lease liabilities	18	5,308	7,057	4,956
Provisions	30	68,966	106,606	109,503
Contract liabilities	31	213,043	185,172	118,052
Total non-current liabilities		399,384	728,150	700,676
Current liabilities				
Trade and other payables	28	116,771	106,225	123,970
Borrowings	29	415,593	89,995	71,387
Interest payable	37	80,101	51,544	13,715
Tax liabilities	14	2,058	2,539	3,090
Lease liabilities	18	1,475	1,004	614
Contract liabilities	31	26,467	5,065	3,942
Total current liabilities		642,465	256,372	216,718
Total liabilities		1,041,849	984,522	917,394
Total equity and liabilities		1,348,587	1,207,209	1,145,013

The comparative amounts have been restated. For more details refer to note 34.

The notes on pages 118 to 167 form part of these financial statements.

The financial statements of Savannah Energy PLC (Company number: 09115262) were approved by the Board of Directors and authorised for issue on 7 June 2022 and are signed on its behalf by:

Andrew Knott
Director



Company Statement of Financial Position

as at 31 December 2021

	Note	2021 US\$'000	2020 US\$'000	As at 1 January 2020 US\$'000
Assets				
Non-current assets				
Property, plant and equipment	16	422	389	491
Investment in subsidiaries	21	8,722	7,121	81,804
Intercompany receivable	35	307,625	302,885	161,231
Right-of-use assets	18	2,493	2,732	4,168
Finance lease receivable	19	722	1,049	—
Total non-current assets		319,984	314,176	247,694
Current assets				
Trade and other receivables	23	89,485	1,190	3,176
Intercompany receivable	35	578	264	18,108
Cash at bank	24	1,506	191	1,009
Total current assets		91,569	1,645	22,293
Total assets		411,553	315,821	269,987
Equity and liabilities				
Capital and reserves				
Share capital	25	1,409	1,409	1,393
Share premium	25	61,204	61,204	61,204
Shares to be issued	25	63,956	—	—
Capital contribution	25	458	458	458
Share-based payment reserve	25	8,706	7,104	6,448
Retained earnings		176,973	201,772	166,493
Total equity		312,706	271,947	235,996
Non-current liabilities				
Other payables	28	—	—	7,500
Lease liabilities	18	3,744	4,617	4,956
Total non-current liabilities		3,744	4,617	12,456
Current liabilities				
Trade and other payables	28	38,396	19,658	14,085
Borrowings	29	20,986	5,791	6,596
Interest payable	37	251	652	—
Intercompany payable	35	34,649	12,460	—
Tax liabilities	14	—	—	240
Lease liabilities	18	821	696	614
Total current liabilities		95,103	39,257	21,535
Total liabilities		98,847	43,874	33,991
Total equity and liabilities		411,553	315,821	269,987

The comparative amounts have been restated. For more details refer to note 34.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Company Statement of Comprehensive Income. The loss of the legal parent company for the year to 31 December 2021 was US\$25.0 million (2020: US\$34.4 million profit).

The notes on pages 118 to 167 form part of these financial statements.

The financial statements of Savannah Energy PLC (Company number: 09115262) were approved by the Board of Directors and authorised for issue on 7 June 2022 and are signed on its behalf by:

Andrew Knott
Director



Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Note	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Cash flows from operating activities:			
Net cash generated from operating activities	37	128,115	115,569
Cash flows from investing activities:			
Interest received		193	110
Payments for property, plant and equipment		(31,191)	(9,381)
Exploration and evaluation payments		(1,327)	(2,167)
Payment for financial asset		(7,500)	—
Acquisition deposits		(7,000)	—
Lessor receipts		388	113
Cash to debt service accounts		(76,800)	(30,105)
Cash from restricted accounts		—	181
Net cash used in investing activities		(123,237)	(41,249)
Cash flows from financing activities:			
Finance costs		(25,967)	(21,767)
Borrowing proceeds		18,476	7,213
Borrowing repayments		(15,818)	(31,474)
Lease payments		(1,850)	(767)
Net cash used in financing activities		(25,159)	(46,795)
Net (decrease)/increase in cash and cash equivalents		(20,281)	27,525
Effect of exchange rate changes on cash and cash equivalents		(8,238)	477
Cash and cash equivalents at beginning of year		74,258	46,256
Cash and cash equivalents at end of year	24	45,739	74,258
Amounts held for debt service at end of year	24	106,905	30,105
Cash at bank at end of year as per Statement of Financial Position	24	152,644	104,363

The notes on pages 118 to 167 form part of these financial statements.



Company Statement of Cash Flows

for the year ended 31 December 2021

	Note	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Cash flows from operating activities:			
Net cash used in operating activities	37	(7,374)	(2,378)
Cash flows from investing activities:			
Payments for property, plant and equipment		(17)	(8)
Amounts paid to subsidiary undertakings		(1,286)	(4,643)
Repayments from subsidiary undertakings		12,825	8,753
Payment for financial asset		(7,500)	—
Acquisition deposits		(7,000)	—
Lessor receipts		388	113
Net cash (used in)/provided by investing activities		(2,590)	4,215
Cash flows from financing activities:			
Finance costs		(2,349)	(596)
Borrowing proceeds		15,582	2,098
Borrowing repayments		(876)	(3,846)
Lease payments		(1,041)	(360)
Net cash provided by/(used in) financing activities		11,316	(2,704)
Net increase/(decrease) in cash and cash equivalents		1,352	(867)
Effect of exchange rate changes on cash and cash equivalents		(37)	49
Cash and cash equivalents at beginning of year		191	1,009
Cash and cash equivalents at end of year	24	1,506	191

The notes on pages 118 to 167 form part of these financial statements.



Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital US\$'000	Share premium US\$'000	Shares to be issued US\$'000	Treasury shares US\$'000	Capital contribution US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Equity attributable to the owners of the Company US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance at 1 January 2020	1,393	61,204	—	—	458	6,448	161,099	230,602	(2,983)	227,619
(Loss)/profit for the year	—	—	—	—	—	—	(6,684)	(6,684)	246	(6,438)
Other comprehensive loss	—	—	—	—	—	—	(54)	(54)	—	(54)
Total comprehensive (loss)/profit for the year	—	—	—	—	—	—	(6,738)	(6,738)	246	(6,492)
Transactions with shareholders:										
Equity-settled share-based payments (note 26)	—	—	—	—	—	656	—	656	—	656
Share adjustments	16	—	—	—	—	—	888	904	—	904
Treasury shares recognition (note 25)	—	—	—	(59)	—	—	59	—	—	—
Balance at 31 December 2020	1,409	61,204	—	(59)	458	7,104	155,308	225,424	(2,737)	222,687
Profit for the year	—	—	—	—	—	—	768	768	16,335	17,103
Other comprehensive profit	—	—	—	—	—	—	974	974	244	1,218
Total comprehensive profit for the year	—	—	—	—	—	—	1,742	1,742	16,579	18,321
Transactions with shareholders:										
Equity-settled share-based payments (note 26)	—	—	—	—	—	1,602	—	1,602	—	1,602
Share adjustments	—	—	—	1	—	—	171	172	—	172
Shares to be issued (note 25)	—	—	63,956	—	—	—	—	63,956	—	63,956
Balance at 31 December 2021	1,409	61,204	63,956	(58)	458	8,706	157,221	292,896	13,842	306,738

The comparative amounts have been restated. For more details refer to note 34.

The notes on pages 118 to 167 form part of these financial statements.



Company Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital US\$'000	Share premium US\$'000	Shares to be issued US\$'000	Capital contribution US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 January 2020	1,393	61,204	—	458	6,448	166,493	235,996
Profit for the year	—	—	—	—	—	34,391	34,391
Total comprehensive profit for the year	—	—	—	—	—	34,391	34,391
Transactions with shareholders:							
Equity-settled share-based payments (note 26)	—	—	—	—	656	—	656
Share adjustments	16	—	—	—	—	888	904
Balance at 31 December 2020	1,409	61,204	—	458	7,104	201,772	271,947
Loss for the year	—	—	—	—	—	(24,970)	(24,970)
Total comprehensive loss for the year	—	—	—	—	—	(24,970)	(24,970)
Transactions with shareholders:							
Equity-settled share-based payments (note 26)	—	—	—	—	1,602	—	1,602
Share adjustments	—	—	—	—	—	171	171
Shares to be issued (note 25)	—	—	63,956	—	—	—	63,956
Balance at 31 December 2021	1,409	61,204	63,956	458	8,706	176,973	312,706

The comparative amounts have been restated. For more details refer to note 34.

The notes on pages 118 to 167 form part of these financial statements.



Notes to the Financial Statements

for the year ended 31 December 2021

1. Corporate information

The consolidated financial statements of Savannah Energy PLC (“Savannah” or the “Company”) and its subsidiaries (together, the “Group”) for the year to 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 7 June 2022.

Savannah was incorporated in the United Kingdom on 3 July 2014. Savannah’s principal activity is the exploration, development and production of natural gas and crude oil and development of other energy related projects in Africa.

The Company is domiciled in England for tax purposes and is a public company, and its shares were listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange on 1 August 2014.

The functional currency of the Group’s subsidiaries is US Dollars (“US\$”), and the consolidated financial statements are presented in US Dollars and all values are rounded to the nearest thousand (US\$’000), except when otherwise stated.

No dividends have been declared or paid since incorporation.

The Company’s registered address is 40 Bank Street, London E14 5NR.

2. Basis of preparation

On 31 December 2020, International Financial Reporting Standards (“IFRS”) as adopted by the European Union at that date was brought into UK law and became international accounting standards as adopted by the United Kingdom (“UK-adopted IAS”), with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted IAS in its consolidated financial statements from 1 January 2021. There was no impact on the Group from this transition, nor any changes in accounting policy. The financial statements of the Group and the Company have been prepared in accordance with UK-adopted IAS. These financial statements have been prepared under the historical cost convention except for financial instruments measured at fair value through profit or loss, employee benefits, derivative financial instruments which have been measured at fair value.

The consolidated financial statements of the Group incorporate the results for the year ended 31 December 2021.

In addition to the restatement described in note 34, the Consolidated Statement of Cash Flows has been restated, reclassifying Cash to debt service accounts and Cash from restricted accounts from financing activities to investing activities; the cash flows relate to the creation of an asset, being debt service or restricted accounts, and should have been considered investing activities. This resulted in a decrease in Cash used in financing activities of US\$29.9 million for the year ended 31 December 2020, as reported.

The Company Statement of Financial Position has also been restated to reclassify certain intercompany receivables from Current to Non-current assets, as the receivables were not expected to be realised within twelve months after the relevant reporting period. This resulted in a decrease in Current assets of US\$302.9 million as at 31 December 2020 and US\$161.2 million as at 1 January 2020, as reported.

Both the Consolidated Statement of Financial Position and Company Statement of Financial Position have been restated to reclassify Share adjustments from Share premium to Retained earnings, as share premium can only be recognised when shares are issued by the Company. This resulted in a decrease in Share premium of US\$888,000 as at 31 December 2020, as reported.

Note 23 has been restated, refer to note 23 for more details.

Going concern

The Directors have considered the factors relevant to support a statement of going concern; in assessing the going concern assumption the Directors have reviewed the Group’s forecasted cash flows as well as the funding requirements of the Group for the period to 31 December 2023. This forecast was prepared on a “bottom-up” basis, at each major asset and corporate level and it reflects the Group’s best estimate of costs and revenues for the period. The capital expenditure and operating costs used in this forecast are based on the Group’s approved corporate budget which includes operating budgets for each of the operating subsidiaries and an estimate of the corporate general and administrative costs for the period.

The base case model assumes that cash collections from our existing gas customers in Nigeria are received on a timely and regular basis in line with the contracted committed volumes stipulated in agreed long-term supply contracts. The going concern base case model also assumes that only current customers are supplied. Forecast liquid revenues from the Stubb Creek and Uquo fields are based on in-house production forecasts which are in line with the forecasts in the Competent Person’s Report.

In addition to the base case which assesses the Group’s going concern for its existing business, the Group has also separately assessed the impact on the Group’s going concern assumption with respect to its proposed acquisitions of the Chad and Cameroon Assets which is expected to complete in mid-2022. More detail on this assessment is set out below.

As part of its analysis in making the going concern assumption, the Directors have considered the range of risks facing the business on an ongoing basis, as set out in the risk section of this Annual Report. The principal assumptions made in relation to our base case going concern assessment relate to the timely payments of our gas invoices by our customers, the forecast commodity price environment and continued access to FX markets (specifically in relation to financing of US Dollar denominated costs and the refinancing of the Accugas debt facility). Notwithstanding the material uncertainty (as detailed below), both the base case forecasts and sensitised versions confirm that the Group and each subsidiary company has sufficient liquidity to continue as a going concern for the period to 31 December 2023.



2. Basis of preparation continued

Going concern continued

The Directors have also considered the ongoing conflict in Ukraine. The countries in which the Group operates have some dependency upon imports from Russia and Ukraine (principally in Nigeria for refined petroleum products). This has led, in the short-term, to higher consumer prices. However, there has been no impact from this on the Group's operations and we do not consider that the conflict will have any adverse impact on the Group.

Looking at the principal risks:

Timely Payment of Gas Invoices from a concentrated customer base

Currently, the Group has a relatively concentrated customer base with two customers accounting for approximately 98% of forecast gas revenues in the period to 31 December 2023. This creates a reliance risk on these customers for a large portion of total forecast revenues for the existing business. The Group is anticipating that its customer base will be further diversified in 2022 through commencing supply of gas under new GSAs with commercial parties but recognises that the current situation gives rise to a risk in the event of delayed payments. Once the proposed acquisitions of the Chad and Cameroon Assets^(m) have been acquired, the customer base and cash flows will become substantially more diversified.

This risk is mitigated through the external credit support covering the offtake contracts at Accugas where we have a Partial Risk Guarantee in place via the World Bank to support Calabar supply, and a standby letter of credit provided from an investment grade rated financial institution for Lafarge Africa PLC. Similar credit support is put in place for each new gas sales agreement which is entered into by Accugas. Approximately 95% of the long-term revenue base is therefore of investment grade calibre.

For purposes of the base case model we have assumed that payments are received on a timely basis which is in line with our expectations around payments and taking into consideration the contractual timing. The presence of the aforementioned credit support provides additional comfort therefore in assessing our future forecast revenues as per the contracts.

Commodity Price Environment

The Group operates in the energy sector and is therefore exposed to fluctuations in commodity prices. Between 2020 and 2021, there was significant volatility in Brent prices which traded from an average of US\$42.0/bbl in 2020, to an average of US\$71.0/bbl in 2021. The Group's gas sales contracts are fixed price without any correlation to crude.

In making an assessment of an appropriate oil price to use in the forecasts we have considered a number of factors including the pricing of the futures market and considerations around future demand and supply fundamentals. Management has adopted an oil price of US\$75.0/bbl for remainder of 2022 and an average of US\$67.1/bbl for 2023-2025. This is considered to be a conservative price assumption based upon the average for Q1 2022 at approximately US\$100.0/bbl, and the forward curve for remainder of the year remaining above US\$100/bbl.

Commodities remain volatile and can fluctuate based on a wide range of factors. The Group does not currently have any hedging in place which would mitigate price risk however, a new hedging strategy will be implemented following completion of the proposed acquisitions of the Chad and Cameroon Assets due to the increased exposure to oil price volatility which arises from those acquisitions.

FX Market Access/Refinancing

The Group currently generates the majority of its revenues under long-term fixed price gas sales agreements whereby our principal customers have the option to pay the Group in either US dollar or Nigerian Naira ("Naira"), whereas the Group's debt facilities are primarily US dollar denominated.

The Group has been working with its financial advisers and lenders to refinance its principal US\$371.0 million Accugas Term Debt Facility ("the Accugas Facility") from US dollar to Naira. Substantial positive progress has been made to date and, whilst not formally documented at this time, a detailed structure has been established for the refinancing which will initially see the Accugas Facility replaced with a medium term bank facility which will then progressively be paid down through a combination of long-dated domestic bond issuances and other bilateral facilities (as was detailed in the Group's Admission Document, published December 2021). It is anticipated that the weighted average tenor of the financing post-refinancing would extend to 11 years. The process for the bond issuance is well advanced with shelf programme registration documentation having been approved by the Securities & Exchange Commission of Nigeria and a standalone investment grade credit rating has been obtained by Accugas Limited. Additionally, an in principle commitment has been received from a Nigerian fund to commit N40 billion over a 15 year tenor.

The refinancing process has taken longer than previously anticipated and is currently expected to complete during the second half of 2022. As at 31 December 2021, Accugas agreed with its lending banks to set aside approximately US\$132.8 million for debt service purposes, pending completion of the proposed refinancing. Completion of the refinancing requires access to appropriately priced US dollars (any FX loss incurred in this transaction would be recoverable under the terms of the Calabar GSA through the true up mechanism). It is anticipated that the refinancing will complete at the point in time that these US dollars are accessed.

Whilst the refinancing process proceeds, the Group continues to work collaboratively with its current lenders and has agreed to set aside sufficient funds in Naira for USD denominated debt service purposes. The Group continues to maintain more than sufficient cash balances in Naira to cover all debt service requirements however, given that Accugas did not have a long-dated extension for delaying conversion of the Naira to US Dollars at the reporting date beyond the period of the going concern review, the balance of the Accugas Facility has been reflected as a current borrowing. Following a refinancing of the Accugas Facility, the principal amounts will be disclosed between current and non-current borrowings at future reporting dates based on revised repayment dates.



Notes to the Financial Statements continued

for the year ended 31 December 2021

2. Basis of preparation continued

Going concern continued

FX Market Access/Refinancing continued

Importantly throughout 2021, the Group continued to access US dollars as required to pay its non-Naira denominated expenditures including capital expenditures on the Uquo drilling programme and the Accugas compression project. The Directors remain highly confident that the Group will continue to be able to access US dollars and other currencies as required to maintain its operational needs and going concern status. However, a minimal risk exists that the Group may not be able to continue to do so and/or Accugas may not be able to complete its planned debt financing or to continue to receive support from its lenders to amend the Accugas Facility to defer conversion of Naira balances to US Dollars. These facts indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue to apply the going concern basis of accounting.

Proposed acquisitions of the Chad and Cameroon Assets

As detailed in the Group's Admission Document, published December 2021, the Group intends to purchase the ExxonMobil and PETRONAS upstream and midstream interests of their Chad and Cameroon Assets. Completion is expected to be by mid-2022.

As part of the going concern assessment, the Group has reviewed these assets' cash flows and the ongoing funding requirements, in addition to funding the purchase consideration which is described in more detail in note 29. The debt service obligations and other commitments for these assets are matched to the asset cash flows and do not require any additional support from the wider Group. The cash flow assumptions were based on the analysis of historic performance, reviewing operator budgets, future capital expenditures, estimating oil reserves and expected and risked production rates. It also involved estimating third party throughput volumes in the midstream asset. These assumptions were detailed in the Group's Competent Person's Report.

The increased cash flows of the Group following the acquisition will provide the Group with a greater diversity of revenue streams and a more balanced source of cash flows across all the Group's oil and gas operations.

Sensitivity Analysis

The Group has undertaken sensitivity analysis on its existing business base case and separately its proposed acquisitions of the Chad and Cameroon assets, on their respective cash flow forecasts and considered the material risk areas for the business which could impact upon the going concern assumption. These risks included: (i) timely payment of receipts from gas customers, (ii) commodity pricing and (iii) impact of oil production reduction. In this respect a number of sensitivities were prepared, as follows:

- (i) Gas customer receipts – doubled the collection receipt time;
- (ii) Reduced the average oil price to that observed for FY 2020 which was impacted by the global pandemic; and
- (iii) Oil production (for proposed acquisitions of the Chad and Cameroon Assets^(m)) – assumed an approximate 17% (two months) reduction in production.

Mitigating actions were considered which could be taken by the Group to prevent a shortfall arising under any scenario and these could include:

- (i) deferring or reducing costs – given its high equity ownership levels and operatorship of all key assets, the Group has significant levels of control over capital and operating spend and can directly manage costs where necessary with only minimal committed capital spend;
- (ii) enforcing its rights to claim payment under the credit support arrangements in place; and
- (iii) raising of additional debt or equity if required – the leverage on the Nigerian assets is low and given the long-term gas sales contracts and long-life nature of the assets, the Group believes further funding could be accessed if the need arose.

Under sensitivity analysis, the operating cash flows and funding available to the Group remain sufficient at all times during the forecast period to meet obligations as required whilst still maintaining headroom.

The Directors are confident in the Group's forecast and have a reasonable expectation that the Group will continue in operational existence for the going concern assessment period and believe it is appropriate to continue to adopt the going concern basis in preparing these consolidated financial statements. As mentioned above, it is recognised there is a material uncertainty, however, this has not altered the Directors view on the basis of preparation as a going concern.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.



2. Basis of preparation continued

Basis of consolidation continued

Subsidiaries continued

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. See note 21 for the companies that have been consolidated within the Group financial statements.

Transactions eliminated upon consolidation

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. Significant accounting policies

New and amended IFRS standards

The following relevant new standards, amendments to standards and interpretations were mandatory for the first time for the financial year beginning 1 January 2021:

Standard	Key requirements	Effective date
Interest rate benchmark reform, amendments to IFRS 9: Financial instruments and IFRS 7: Financial instruments – Disclosures	Phase 2, effective for annual reporting periods beginning on or after 1 January 2021, deals with replacement issues; issues that might affect financial reporting when an existing interest rate benchmark is replaced. These changes to the standards have not had a material impact on the Group's financial statements.	1 January 2021
Amendments to IFRS 16: Leases	The IASB has issued an amendment to IFRS 16: Leases to make it easier for lessees to account for Covid-19 related rent concessions such as rent holidays and temporary rent reductions. The amendment is effective for financial periods ending on or after 1 June 2020 but, to ensure relief is available when needed most, lessees can apply this amendment immediately. This change has not had a material impact on the Group's financial statements.	Periods ending on or after 1 June 2020

Standards issued but not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued, but are not effective for the financial year beginning on 1 January 2021 and have not been adopted early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to the Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The Group is currently assessing the impact of these new accounting standards and amendments. Currently, it does not expect any of these amendments to have a material impact on the Group's financial statements.

Foreign currency translation

Functional and presentation currency

Management has concluded that the US Dollar is the functional currency of each entity of the Group due to it being the currency of the primary economic environment in which the subsidiary operates, based on the following facts:

- oil and gas revenues are priced and invoiced in US Dollars;
- most of the expenses of the entities of the Group are denominated in US Dollars; and
- the majority of funds raised from financing activities (debt or equity instruments) are generated in or converted to US Dollars.

The Group's presentation currency is US Dollars.



Notes to the Financial Statements continued

for the year ended 31 December 2021

3. Significant accounting policies continued

Foreign currency translation continued

Transactions and balances

Transactions entered into in a currency other than the functional currency are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. At each Statement of Financial Position date, the monetary assets and liabilities of the Group's entities that are not in the functional currency of that entity are translated into the functional currency at exchange rates prevailing at the Statement of Financial Position date. The resulting exchange differences are recognised in the Statement of Comprehensive Income. Realised foreign exchange gains and losses are recognised within foreign exchange losses in the Statement of Comprehensive Income.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest ("NCI") in the acquiree. For each business combination, the Group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Those acquired petroleum reserves and resources that can be reliably measured are recognised separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for any NCI and the acquisition-date fair value of any previously held interest (aggregate consideration transferred) over the fair value of the identifiable net assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred (a bargain purchase), before recognising a gain, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Comprehensive Income.

Revenue recognition

The Group is principally engaged in the exploration, development and production of crude oil and natural gas, as well as the processing, marketing and distribution of gas. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. When a new contract is signed with a customer, the Group determines whether the contract meets the definition of a contract with a customer under IFRS 15. The Group continues to account for the contract as a contract with a customer until there is a significant change in facts and circumstances that suggest that this may no longer be appropriate. At this point, the Group reassesses the contract and if the criteria is not met, the Group recognises consideration received as revenue when there are no remaining obligations to transfers good or services to the customer and all of the consideration has been received or the contract has been terminated and the consideration received is non-refundable.

Sale of gas

The Group recognises revenue from the sale of gas and third party crude oil processing services over time because the customer simultaneously receives and consumes the benefits provided by the Group. The customer does not need to re-perform the processing or re-deliver the gas the Group has provided to date and therefore this demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance. Revenue from sale of gas delivered is considered to be a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The promised quantity of gas committed to be transferred to the customer in the contract is the minimum quantity of gas to be purchased by the customer. Purchases above and beyond the estimated minimum have been considered optional purchases and accounted for as separate contracts at a price that would reflect the stand-alone selling price of the gas delivered. In determining the transaction price for the sale of gas, the Group considers the existence of significant financing components, consideration payable to the customer (if any) and variable consideration. The variable consideration is estimated by either using the 'expected value' or 'most likely amount' method to allocate the consideration to the performance obligation. The credit terms are between 30-90 days upon invoicing, depending on the customer.

Sales of crude oil and condensates

Revenue from sales of crude oil and condensates is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the processed crude at the delivery point. The normal credit term is 30 days upon delivery.

Significant financing component

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. In addition, a significant financing component assessment is carried out where the Group receives a take-or-pay deficiency payment on gas sales. Take-or-pay gas sales contracts provide that the customer must sometimes pay for gas even when not delivered to the customer. The customer, in future contract years, takes delivery of the product without further payment. A significant financing component is deemed not to exist when the customer pays for the goods or services in advance and the timing of the transfer of those goods or services is at the discretion of the customer.



3. Significant accounting policies continued

Revenue recognition continued

Take-or-pay contract and breakage

The Group enters into take-or-pay contracts for sale of gas where the buyer may not ultimately exercise all of their rights to the gas. The take-or-pay quantity not taken but paid for by the buyer is called take-or-pay deficiency payment and/or “make-up” gas. If a buyer has a right to receive a “make-up” delivery at a later date, revenue recognition is deferred and only recognised when the gas is delivered, or when the “make-up” gas can no longer be taken. The Group assesses if there is a reasonable assurance that it will be entitled to a breakage amount. Where it establishes that a reasonable assurance exists, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. However, where the Group is not reasonably assured (more likely than not) of a breakage amount, it would only recognise the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Consideration payable to a customer

The payment of the costs, claims, demands, liabilities and/or expenses suffered or incurred by the buyer under the gas contract (if any) has been recognised as a reduction of the transaction prices and, therefore, of revenue since the payment to the customer is not in exchange for distinct goods that the customers transfer to the Group.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration a contract asset is recognised for the earned consideration that remains conditional.

Trade receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under financial instruments.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. “Make-up” gas is recorded as a contract liability.

Oil and gas assets

Expenditure on the construction, installation or completion of upstream facilities such as process plant, flowlines and the drilling of development wells is capitalised within oil and gas assets. When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases and costs are either regarded as part of the cost of inventory or expensed in the period in which they are incurred, except for costs which qualify for capitalisation relating to producing asset additions, improvements or new developments. Development and producing assets are carried at cost less accumulated depreciation, depletion and accumulated impairment losses.

Infrastructure assets and other property, plant and equipment

Infrastructure assets and other property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depletion and depreciation

Depletion and depreciation-provided at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:

	Years
Oil and gas assets	
Production and development costs	Unit ¹
Geological and geophysical costs, production drilling costs and development drilling costs	Unit ¹
Right-of-use assets	
Leasehold buildings	Life of the lease
Infrastructure assets	
Pipeline and facilities	5–40 ²
Equipment	5–10
Other assets	
Computers	3
Motor vehicles	4
Furniture and fixtures	5–10

1. Dependent on a unit-of-production basis using proved and probable reserves.

2. Following management’s assessment of the gas pipelines, the expected useful life of these pipelines was increased from 25 to 40 years from the beginning of the prior reporting period. The effect this has had on the depreciation charge for 2020 has been discussed in note 16.



Notes to the Financial Statements continued

for the year ended 31 December 2021

3. Significant accounting policies continued

Depletion and depreciation continued

Oil and gas assets are depleted on a unit-of-production basis over the total proved and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. This method takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred. Rights and concessions are depleted on the unit-of-production basis over the total proved and probable reserves of the relevant area. Changes in the estimates of commercial reserves or future field development costs are accounted for prospectively.

Pipeline fill

Natural gas which is used to fill pipelines and is necessary to bring a pipeline into working order is treated as a part of the cost of the related pipeline on the basis that it is not held for sale or consumed in a production process but is necessary for the operation of a facility during more than one operating cycle. Also, its cost cannot be recouped through sale (or is significantly impaired). This applies even if the part of inventory that is deemed to be an item of property, plant and equipment ("PP&E") cannot be separated physically from the rest of inventory. It is valued at cost and is depreciated over the useful life of related asset.

Exploration and evaluation assets

These assets relate to exploration and evaluation expenditure and are accounted for under IFRS 6: Exploration for and Evaluation of Mineral Resources. Only costs which relate directly to the discovery and development of specific oil and gas reserves are capitalised.

Exploration and evaluation expenditure which relates to unsuccessful drilling operations, though initially capitalised pending determination, is subsequently written off. Exploration and evaluation costs are valued at cost less accumulated impairment losses and capitalised within exploration and evaluation assets. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the Statement of Comprehensive Income. When the exploratory phase has resulted in the recognition of commercial reserves, the related costs are first assessed for impairment and (if required) any impairment recognised, then the remaining balance is transferred to Oil & gas assets.

Long-lead items are classified within Property, plant and equipment and transferred to Exploration and evaluation assets once utilised in operations.

Leases

Lessee accounting

On inception of a contract, the Group assesses whether the contract is, or contains, a lease. The contract is, 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. To determine whether the contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain all of the economic benefits from the use of the asset throughout the period of use, and the Group has the right to direct the use of the asset.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group also applied the available exemptions wherein it:

- applied the short-term leases exemptions to leases with a lease term that ends within 12 months of the date of initial application; and
- applied the low value leases exemptions to leases for which the underlying assets is of low value.

The lease liability recognised under IFRS 16 is measured on a discounted basis. The discount rate used to discount the lease payments for each lease is the incremental borrowing rate appropriate for each lease at the date of initial application. The incremental borrowing rates were determined for each lease taking into consideration factors such as the term of the lease, the nature of the asset, credit risk and the economic environment in which the asset was located (which included the currency in which the lease was denominated).

Lessor accounting

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as finance lease receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group does not account for any contracts where the Group is a lessor as an operating lease.



3. Significant accounting policies continued

Investments in subsidiaries

Investments in subsidiaries are stated in the Statement of Financial Position at cost less any provisions for impairment. If a distribution is received from a subsidiary, then the investment in that subsidiary is assessed for an indication of impairment depending on the nature of the distribution. Typically, these distributions are intercompany dividends.

Segmental analysis

In the opinion of the Directors, the Group is primarily organised into two geographical operating segments and one unallocated segment. This is consistent with the Group's internal reporting to the chief operating decision maker; refer to note 5.

Impairment

Property, plant and equipment

At each Statement of Financial Position date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are cash inflows that are largely independent of the cash inflows from other assets or group of assets. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income.

Non-financial assets which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

Exploration and evaluation assets

Impairment tests are performed when the Group identifies facts or circumstances implying a possible impairment in accordance with IFRS 6. Where the Group identifies that an asset may be impaired, the Group performs an assessment of the recoverable value in accordance with the requirements of IAS 36. Any impairment loss is recognised immediately in the Statement of Comprehensive Income.

Financial assets

Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets are classified as measured at FVTPL when the asset does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. Such assets are carried on the Statement of Financial Position at fair value with gains or losses recognised in the Consolidated Statement of Comprehensive Income. Derivatives, embedded or otherwise, are included in this category; such embedded derivatives include a customer's ability to pay in a different currency than billed (no material derivatives have been identified) or call options included within a loan note which gives the Group the option to repay the loan at a discount to the face value of the note.

Amounts due from Group companies and other receivables

Amounts due from Group companies and other receivables are measured at amortised cost using the effective interest method less any impairment.

Impairment of financial assets

The Group recognises an allowance for expected credit loss ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any). ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit loss that results from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit loss expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For most trade receivables, the Group is required to follow a simplified approach in calculating ECLs if no significant financing component exists. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment. For some trade receivables which are subject to discussions with the counterparty, specific assessments are made to determine the recoverability of such amounts which includes expected recovery rates and discounting for the time value of money. For receivables from related parties, the Group applies the general approach. The general approach involves tracking the changes in the credit risk and recognising a loss allowance based on a 12-month ECL at each reporting date. When the Group acquires credit impaired assets, the ECL that is netted against the gross receivable balance is released to the Statement of Comprehensive Income when the original invoice that the ECL relates to is settled.

For amounts due from Group companies, the Company recognise an allowance equal to the 12-month ECL where there has been no significant increase in credit risk since initial recognition. If it has been determined that there has been a significant increase in credit risk since initial recognition, a lifetime ECL is recognised.



Notes to the Financial Statements continued

for the year ended 31 December 2021

3. Significant accounting policies continued

Joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control exists when the Group does not have the power, directly or indirectly, to solely govern the financial and operating policies of an entity. In assessing control, potential voting rights which are currently exercisable are taken into account. The Group is engaged in oil and gas exploration, development, production and distribution through unincorporated joint ventures or jointly controlled entities. The Group accounts for its share of assets, liabilities, revenues and expenses of unincorporated joint arrangements as joint operations.

Interests in jointly controlled entities are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the venture since the acquisition date. The aggregated Statement of Comprehensive Income reflects the Group's share of results of operations in the ventures.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is: (i) contingent consideration that may be paid by an acquirer as part of a business combination; (ii) held for trading; or (iii) designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the fair value adjustment line item in the Statement of Comprehensive Income.

Financial liabilities at amortised cost

After initial recognition at fair value, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Certain borrowings within the Group have payment-in-kind provisions in relation to interest payments whereby the Group can elect to exercise such provisions in place of payment of accrued interest. When this occurs, the accrued interest is added to the principal amount and interest is accrued on the new principal amount.

Equity instruments

Equity instruments issued by the Group are recorded at the fair value of the proceeds received or the fair value price at the date of issue, net of direct issue costs, which are recorded to share capital (nominal value) and share premium.

Trade payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost.

Taxation

Current tax

The tax currently payable is based on assessable taxable income generated for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date. Withholding taxes are included within the current tax line if they are calculated on a 'net profit' figure; if such taxes are calculated on revenue items, these amounts are included within expenses.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Statement of Financial Position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or to settle the carrying amount of its assets and liabilities.



3. Significant accounting policies continued

Taxation continued

Deferred tax continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the Statement of Comprehensive Income, except when they relate to items credited or debited directly to equity or Other comprehensive income, in which case the tax is also recognised directly in equity or Other comprehensive income, as appropriate.

Inventories

Inventories of oil and condensate assets are stated at the lower of their cost and net realisable values and changes are recognised in the Statement of Comprehensive Income.

Other inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method and comprises direct materials and, where applicable, direct labour, overheads and other charges incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Cash at bank

Cash at bank in the Statement of Financial Position comprises cash and cash equivalents, such as cash at banks and at hand and short-term deposits with an original maturity of up to three months. It also includes amounts held in accounts designated for debt service purposes. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined.

Within certain countries where the Group operates, bank accounts can go into overdraft from time to time as part of the Group's cash management. In these circumstances, the overdrafts are included as a component of cash and cash equivalents due to these balances fluctuating from being positive to overdrawn.

Restricted cash

Restricted cash is not freely available for use by the Group and mainly relates to stamp duty and escrow accounts.

Provisions

General

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Group's best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, considering the risks and uncertainties of the obligation, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Comprehensive Income.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Decommissioning liability

The Group recognises an initial decommissioning liability and an asset in Property, plant and equipment, if it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred by the development/construction of the asset. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to Property, plant and equipment.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the Statement of Comprehensive Income within Finance Income. If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas asset net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to the Statement of Comprehensive Income.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the Statement of Comprehensive Income as a finance cost.



Notes to the Financial Statements continued

for the year ended 31 December 2021

3. Significant accounting policies continued

Share-based payments

The Group issues equity-settled share-based payments to some of its employees and Directors through stock option plans. In accordance with IFRS 2, these plans are measured at fair value on the grant date and are accounted for as an employee expense on a straight-line or graduated vesting for each tranche basis over the vesting period of the plans.

The equity-settled transaction reserve accounts for the expense associated with options that have been granted but not yet vested. The cost of the share options is recognised as an increase in the equity-settled transaction reserve at the time of the award for awards with no market conditions and over the expected vesting period for awards with market conditions. This reserve is transferred to the retained earnings account over time when such shares become vested. If the shares options lapse when unvested, the cumulative charge is reversed in the Statement and Comprehensive Income and a corresponding reduction in the reserve account.

The proceeds received on exercise of share options are net of any directly attributable costs are credited to share capital (nominal value) and share premium in the Company.

The Company has the obligation to deliver the shares. The Company recognises an increase in the investment in the subsidiary undertaking that employs the recipients of the share-based payment awards as a capital contribution from the parent and a corresponding increase in equity. These amounts are equal to the expense recognised in the subsidiary.

Capital

The capital structure of the Group consists of equity attributable to the owners of the Company, comprising issued capital, treasury shares, the capital contribution reserve, the share-based payment reserve and the retained earnings.

Share capital

Share capital comprises issued capital in respect of issued and paid-up shares, at their par value.

Share premium

Share premium comprises the difference between the proceeds received and the par value of the issued and paid-up shares.

Treasury shares

Following re-admission of the Group onto the London Stock Exchange in December 2017, the Group established an employee benefit trust ("EBT") to facilitate the adoption of certain management and employee incentive schemes. The EBT subscribed for 42,624,837 ordinary shares, issued as part of the second tranche equity placing in February 2018. The EBT has been consolidated within these Group accounts as the Group has control over the entity.

The shares in the Company held by the EBT are included in the Statement of Financial Position at cost of acquisition as a deduction from equity. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments. If any shares are reissued, the difference between the weighted average carrying amount and the consideration received is recognised in share premium.

Shares to be issued

Shares to be issued represents inflows, net of expenses, to be received by the Company in relation to ordinary shares contractually obliged to be issued by the Company but, at the Statement of Financial Position date, are yet to be issued.

Share-based payment reserve

The share-based payment reserve relates to equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Retained earnings

Retained earnings comprises the accumulated or deficit of earnings retained by the Group.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term, and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, amounts received from the issue of shares, debt financing and cash flows from its Nigerian operating entities. There are no externally imposed capital requirements. Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the post-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



3. Significant accounting policies continued

Employee benefits

Defined contribution plan

The Group remits employees' contributions to designated pension fund administrators. The Group and its employees respectively contribute 10%/15% and 8% of the employees' current salaries and designated allowances. Employees' contributions to the scheme are funded through payroll deductions while the Group's contributions are charged to the Statement of Comprehensive Income in the year to which the contributions relate. The Group has no legal or constructive obligation to pay further contributions if the relevant pension fund does not hold sufficient assets.

Defined benefit plan

Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of relevant staff under a defined benefit plan ("the scheme"). Employees under the scheme are entitled to a percentage of their final salary and an amount based on a (capped) number of years of continuous service. The actuarial techniques used to assess the value of the scheme involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc). The Group uses the assistance of an external independent actuary in the assessment of these assumptions.

The Group has adopted the Projected Unit Credit ("PUC") method to establish the value of the accrued liabilities. In calculating the liabilities, the method:

- Recognises the Group service rendered by each member of staff at the review date;
- Anticipates that salaries will increase between the review date and the eventual exit date of the employee via withdrawal, death or retirement; and then
- Discounts the expected benefit payments to the review date.

Short-term employee benefits

(i) Rewards

Short-term employee benefits are rewards such as wages, salaries, paid annual leave and bonuses (if payable within 12 months of the end of the year) and non-monetary benefits (such as medical care, housing, cars, etc.).

(ii) Medical insurance scheme

The Group subscribes to a medical insurance plan on behalf of its employees, paying a gross premium to a health management organisation based on the level of the employee. This premium is treated as a prepayment and charged to staff costs monthly.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The impact of estimate sensitivities are disclosed where such sensitivities are considered material, meaningful and practical.

Critical accounting judgements

Determination of cash-generating units ("CGUs")

The determination of CGUs requires judgement in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. With respect to the Nigerian assets, these are considered to form a single CGU. The Nigerian assets are also considered to form a single CGU for the purposes of an impairment assessment under IFRS 6.

Revenue from contracts with customers – timing of recognition

Revenue from gas delivered and crude oil processing services will be recognised over time because, as the Group performs, the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the processing or re-deliver the gas that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group has determined that revenue from the sale of crude oil will be recognised at a point in time, as control is passed to the customer.

The Group has determined that the output method is the best method in measuring progress of quantity of gas delivered and crude oil processing because there is a direct relationship between the Group's effort (i.e. quantity delivered or processed) and the transfer of goods and service to the customer. Units delivered or processed as an output method appropriately depicts how the Group transfers control to its customers. The Group recognises revenue on the basis of the actual quantity of gas delivered and quantity of crude oil processed relative to the total expected gas to be delivered and crude oil to be processed.



Notes to the Financial Statements continued

for the year ended 31 December 2021

4. Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements continued

Exploration and evaluation expenditures

The accounting for exploration and evaluation (“E&E”) assets requires management to make certain judgements and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbons, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalised as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation and regulatory matters. The concept of “sufficient progress” is an area of judgement, and it is possible to have exploratory costs remain capitalised for several years while additional drilling is performed or the Group seeks government, regulatory or partner approval of development plans.

Key sources of estimation uncertainty

Current and deferred taxes

Judgement is required to determine which types of arrangements are a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred income tax assets are recognised in the Statement of Financial Position. Deferred income tax assets, including those arising from unutilised tax losses and capital allowances, require management to assess the likelihood that the entities within the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. During 2021, the Group changed the period in which the future taxable profits for its midstream business is assessed from ten years to the life of contract. This has led to a re-recognition of deferred tax assets of US\$69.9 million.

The deferred tax assets recognised in the financial statements are based on estimated future taxable profits of the Group. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, capital expenditure and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred income tax assets recorded at the reporting date could be impacted. A 1% decrease in the future taxable income would increase the tax credit in the Statement of Comprehensive Income by US\$2.2 million (2020: US\$nil).

Provision for expected credit losses of trade receivables

Under the simplified approach, the Group uses a provision matrix to calculate ECLs for most of its trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type). The provision matrix is initially based on historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. A 1% increase in the loss rate for trade receivables would increase the pre-tax charge in the Statement of Comprehensive Income by US\$0.3 million (2020: US\$1.0 million). For some trade receivables which are subject to discussions with the counterparty, specific assessments are made to determine the recoverability of such amounts which includes expected recovery rates and discounting for the time value of money. The information about the ECLs on the Group's Trade and other receivables is disclosed in note 23.

Measurement of the expected credit loss allowance for financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further discussed, which also sets out key sensitivities of the ECL to changes in these elements.

Several significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.



4. Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty continued

Fair value hierarchy

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimates include considerations of inputs such as liquidity risk, credit risk and volatility. The fair value of cash and cash equivalents, accounts receivable and accounts payable is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At each year end presented, the fair value of these balances approximated their carrying value due to their short term to maturity.

Fair value measurement

From time to time the Group is required to determine the fair values of both financial and non-financial assets and liabilities, e.g. when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

US\$20 million SSN call option

As set out in note 29, the Group issued a US\$20 million Senior Secured Note. Embedded within this instrument is a "call" option which allows the issuer to redeem the note at a discount to its contractual face value, during the note's term. Given this optionality, the underlying note and the option had to be identified and valued separately. The loan was valued by discounting the future contractual cash flows at an appropriate market rate for a debt instrument without any call features. The option value was determined using an option model that estimated the relative option values for early exercise. Changes to the inputs within the option model could lead to a material change in the valuation. The option is revalued at each reporting date.

Decommissioning liabilities

The Group has decommissioning obligations in respect of its oil and gas assets and related midstream infrastructure assets. The ultimate decommissioning and restoration costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal and regulatory requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change in response to changes in reserves or changes in laws and regulations or their interpretation.

The extent to which a provision is recognised requires management to make judgements on the legal and constructive obligations at the date of decommissioning, estimates of the restoration costs, timing of work, long-term inflation and discount rates to be applied. As a result, there could be significant adjustments to the provisions established which would affect future financial results. Changes to expected timing of cash outflows can materially change the decommissioning liability. A 0.5% decrease in the discount rate used in calculating the decommissioning liabilities would lead to an increase in the provision of US\$7.7 million (2020: US\$13.5 million).

Recoverability of exploration and evaluation costs

The outcome of ongoing exploration, and therefore the recoverability of the carrying value of exploration and evaluation assets, is inherently uncertain. Management makes the judgements necessary to implement the Group's policy with respect to exploration and evaluation assets and considers these assets for impairment at least annually with reference to indicators in IFRS 6. If indicators for impairment are identified, management compares the carrying value of these assets to the estimated net present value of the underlying oil and gas reserves and resources and related future cash flows that could be generated from these assets based upon estimates of future revenues, development costs and operating costs applying a suitable post-tax discount rate. The reserve and resource estimates are management's best estimates, taking into consideration independent evaluations of the proved and probable reserves attributable to the Group's economic interests using industry standard definitions and measurement techniques. Further details are provided in note 17.

Take-or-pay contracts

The Group makes long-term and short-term gas supply commitments in return for a commitment from customers to pay for minimum quantities, whether or not they take delivery. However, revenue will only be recognised upon delivery, and not simply by obligation to receive payment. Since some customers may be unable to take the full volume at once, then delivery may be deferred to a later date until the expiration of the contract, with additional make-up volumes allowable. The expected timing and amount of revenue may change based on quantity delivered and make-up quantity taken and therefore the Group estimates the expected future delivery profiles of each customer, which impacts the classification of current and non-current contract liabilities. Amounts shown as a current liability on the Statement of Financial Position are based upon the annual utilisation forecasts provided by the Group's customers, as required by their respective gas sales agreements.

Defined benefit plan

Defined benefit obligations are measured based on actuarial assumptions. These include assumptions in respect of mortality rates, withdrawal from service and future salary increases, as well as appropriate inflation and discount rates. The Group considers that the assumptions used to measure its obligations are appropriate and documented. Further details on these assumptions and associated sensitivities are provided in note 32.



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5. Segmental reporting

For the purposes of resource allocation and assessment of segment performance, the operations of the Group are divided into three segments: two geographical locations and an Unallocated segment. The two geographical segments are Nigeria and Niger, and their principal activities are the exploration, development and extraction of oil and gas. These make up the total current and future revenue-generating operations of the Group. The Unallocated segment's principal activities are the governance and financing of the Group, as well as undertaking business development opportunities. Items not included within Operating profit/(loss) are reviewed at a Group level and therefore there is no segmental analysis for this information.

The following is an analysis of the Group's revenue and results by reportable segment in 2021:

	Nigeria US\$'000	Niger US\$'000	Unallocated US\$'000	Total US\$'000
Revenue	185,799	—	—	185,799
Cost of sales ¹	(65,011)	—	—	(65,011)
Gross profit	120,788	—	—	120,788
Administrative and other operating expenses	(6,814)	(6,837)	(12,024)	(25,675)
Transaction expenses	—	—	(7,374)	(7,374)
Expected credit loss and other related adjustments	(26)	—	—	(26)
Operating profit/(loss)	113,948	(6,837)	(19,398)	87,713
Finance income				490
Finance costs				(76,604)
Fair value adjustment				(610)
Foreign translation loss				(18,734)
Loss before tax				(7,745)
Segment depreciation, depletion and amortisation	35,402	282	543	36,227
Segment non-current assets²	568,709	162,644	2,915	734,268
Segment non-current asset additions	32,535	1,779	184	34,498
Segment total assets	1,085,486	160,962	102,139	1,348,587
Segment total liabilities	(938,513)	(31,620)	(71,716)	(1,041,849)

1. Refer to note 7 for items included within Cost of sales.

2. Includes Property, plant and equipment, Exploration and evaluation assets and Right-of-use assets.

The following is an analysis of the Group's revenue and results by reportable segment in 2020:

	Nigeria US\$'000	Niger US\$'000	Unallocated US\$'000	Total US\$'000
Revenue	169,005	—	—	169,005
Cost of sales ¹	(72,460)	—	—	(72,460)
Gross profit	96,545	—	—	96,545
Administrative and other operating expenses	(9,235)	(282)	(5,174)	(14,691)
Expected credit loss and other related adjustments	10,992	—	—	10,992
Operating profit/(loss)	98,302	(282)	(5,174)	92,846
Finance income				472
Finance costs				(75,796)
Fair value adjustment				(1,682)
Foreign translation loss				(5,396)
Profit before tax				10,444
Segment depreciation, depletion and amortisation	35,310	328	643	36,281
Segment non-current assets²	613,439	161,147	3,274	777,860
Segment total assets	1,039,653	161,778	5,778	1,207,209
Segment total liabilities	(919,067)	(34,524)	(30,931)	(984,522)

1. Refer to note 7 for material items included within Cost of sales.

2. Includes Property, plant and equipment, Exploration and evaluation assets and Right-of-use assets.

The comparative amounts have been restated. For more details refer to note 34.

For non-current asset additions in Nigeria, refer to Oil & gas assets and Infrastructure asset additions in note 16. For non-current asset additions in Niger, refer to additions in note 17. For non-current asset additions in Unallocated, refer to Other asset additions in note 16 and Right-of-use asset additions in note 18.



6. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Year ended 31 December	2021 US\$'000	2020 US\$'000
Gas sales	169,052	157,080
Oil, condensate and processing sales	16,747	11,925
Total revenue from contracts with customers	185,799	169,005

Gas sales represents gas deliveries made to the Group's customers under long-term, take-or-pay gas sale agreements. The Group sells oil and condensates at prevailing market prices.

Included within revenue is revenue of US\$165.1 million (2020: US\$147.8 million) relating to two of the Group's customers who each contribute more than 10% of total revenue, US\$109.8 million and US\$55.3 million respectively (2020: US\$100.2 million and US\$47.6 million).

7. Cost of sales

Year ended 31 December	2021 US\$'000	2020 US\$'000
Depletion and depreciation – oil and gas, and infrastructure assets (note 16)	34,463	34,789
Facility operation and maintenance costs ¹	26,023	33,682
Royalties	4,525	3,989
	65,011	72,460

1. Included within Facility operation and maintenance costs are staff costs amounting to US\$9.3 million (2020: US\$12.2 million) which have been included within Net staff costs in note 8.

8. Operating profit

Operating profit has been arrived at after charging:

Year ended 31 December	2021 US\$'000	2020 US\$'000
Net staff costs	27,275	26,349
Depletion and depreciation – other assets (note 16)	735	751
Depreciation – right-of-use assets (note 18)	1,029	741
Transaction expenses	7,374	—

Transaction expenses relate to costs incurred with respect to the Group's proposed acquisitions of the Chad and Cameroon Assets.

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's and subsidiaries' auditors:

Year ended 31 December	2021 US\$'000	2020 US\$'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts ¹	237	169
Fees payable to the Group's auditors for the audit of the Group's subsidiaries ¹	179	49
Fees payable to Deloitte & Touche LLP for the audit of the Group's subsidiaries ¹	—	212
Total audit fees payable	416	430
Fees payable to the Group's auditors and its associates for other services to the Group¹		
Audit-related assurance services	41	9
Advisory services	—	50
Total non-audit fees payable to the Group's auditors and its associates¹	41	59

1. Following a tender process, BDO LLP replaced Grant Thornton UK LLP as the Group's auditors following the approval of the shareholders at the AGM in June 2021. At the same time, BDO LLP and BDO Nigeria have also replaced Deloitte & Touche LLP as statutory auditors of certain Group subsidiaries previously audited by Deloitte & Touche LLP.

Total fees payable to the Group auditor were US\$457,000 (2020: US\$277,000).

9. Staff costs

The average monthly number of permanent employees (excluding Non-Executive Directors) during the year was:

	2021 No.	2020 No.
Management	6	7
Administration and support	81	79
Operations	135	126
	222	212



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9. Staff costs continued

The total number of employees at the reporting date was 230 (2020: 211).

Employee benefits recognised during the year comprised:

Year ended 31 December	2021 US\$'000	2020 US\$'000
Wages and salaries	17,294	15,769
Long-term employee benefits (note 32)	827	4,021
Share-based payments	1,602	656
Pension, social security and other benefits costs	8,656	7,541
	28,379	27,987

Included within staff costs are costs that have been capitalised as part of Exploration and evaluation assets amounting to US\$1.1 million (2020: US\$1.6 million).

Compensation for key management personnel (as defined in note 36) during the year comprised:

Year ended 31 December	2021 US\$'000	2020 US\$'000
Wages and salaries, and fees	2,856	3,282
Share-based payments expense	1,132	621
Pension costs	75	95
Other benefits	5	5
	4,068	4,003

Compensation for the highest paid Director during the year comprised:

Year ended 31 December	2021 US\$'000	2020 US\$'000
Wages and salaries	2,072	2,040
Pension costs	72	68
Other benefits	4	3
	2,148	2,111

10. Finance income

Year ended 31 December	2021 US\$'000	2020 US\$'000
Lease income	49	256
Bank interest income	193	132
Other interest income	248	84
	490	472

11. Finance costs

Year ended 31 December	2021 US\$'000	2020 US\$'000
Interest on bank borrowings and loan notes	53,384	58,910
Amortisation of balances measured at amortised cost ¹	14,557	11,184
Unwinding of decommissioning discount (note 30)	4,977	1,781
Interest expense on lease liabilities (note 18)	511	372
Bank charges	327	352
Other finance costs	2,848	3,197
	76,604	75,796

1. Includes amounts due to unwinding of a discount on a long-term payable, contract liabilities (note 31) and amortisation of debt fees.

12. Fair value adjustment

Year ended 31 December	2021 US\$'000	2020 US\$'000
Fair value adjustment	610	1,682
	610	1,682

The fair value adjustment relates to the revaluation of the embedded derivative within the US\$20 million Senior Secured Notes ("SSNs") held by Accugas Holdings UK Plc, a subsidiary of the Group. The embedded derivative provides a redemption option whereby early repayment of the principal amount will result in a discount to the contractual loan value. The value of the option at the year end, as well as the valuation method, is described in note 29.



13. Foreign translation loss

Year ended 31 December	2021 US\$'000	2020 US\$'000
Realised loss	8,943	4,992
Unrealised loss	9,791	404
	18,734	5,396

Realised foreign translation loss mainly relate to the translation of Naira into US Dollars to service US Dollar denominated obligations.

The unrealised foreign translation loss mainly related to revaluation of Naira denominated monetary balances in the Consolidated Statement of Financial Position following the Naira devaluation against the dollar during 2021.

14. Taxation

(a) Income tax

The tax (credit)/expense recognised in the profit or loss statement for the Group is:

Year ended 31 December	2021 US\$'000	2020 US\$'000
Current tax		
– Current year	2,586	2,903
– Adjustments in respect of prior years	3	1,294
	2,589	4,197
Deferred tax		
– Origination and reversal of temporary differences	9,094	3,808
– Change in tax rates	25,871	—
– Write down and reversal of previous write downs of deferred tax assets	(61,657)	—
– Adjustments in respect of prior years	(745)	8,877
	(27,437)	12,685
Total tax (credit)/expense for the year	(24,848)	16,882

The tax expense/(credit) recognised in Other comprehensive income for the Group is:

Year ended 31 December	2021 US\$'000	2020 US\$'000
Deferred tax		
– Current year	609	(308)
Total tax expense/(credit) for the year	609	(308)

Corporation tax is calculated at the applicable tax rate for each jurisdiction based on the estimated taxable profit for the year. The Group's outstanding current tax liabilities of US\$2.1 million (2020: US\$2.5 million) principally relate to the corporation tax liabilities in Nigeria. The amount owed by the Company is US\$nil (2020: US\$nil). In 2021, the Nigerian corporation tax rate of 30% (2020: 30%) was used for the tax reconciliation.

Year ended 31 December	2021 US\$'000	2020 US\$'000
The (credit)/expense for the year can be reconciled per the Statement of Comprehensive Income as follows:		
(Loss)/profit on ordinary activities before taxes	(7,745)	10,444
(Loss)/profit before taxation multiplied by the tax rate of 30.0% (2020: 30.0%)	(2,324)	3,133
Tax effects of:		
Withholding tax	524	370
Expenses disallowed for taxation purposes	2,905	2,422
Other Nigerian corporate taxes - mainly relates to higher PPT rates for oil	4,361	(309)
Losses arising/(utilised) in the Company and other holding company entities	3,476	(3,341)
Losses on exploration activities not recognised	814	3,509
Unrecognised deferred tax on decommissioning costs	1,924	1,500
Other temporary differences not recognised	—	7
Reduction in deferred tax assets from reduced rates under the PIA ¹	25,871	—
Remeasurement of deferred tax assets	(61,657)	(580)
Adjustments in respect of prior years ²	(742)	10,171
Tax (credit)/expense for the year	(24,848)	16,882

1. The Petroleum Industry Act ("PIA") was passed in Nigeria in August 2021. The PIA subjects upstream oil production to Corporate Income Tax ("CIT") and a new Hydrocarbon Tax ("HCT") instead of Petroleum Profits Tax ("PPT"). Deferred tax assets on losses and deferred capital allowances previously recognised at PPT rates have been written down by US\$25.9 million (2020: US\$nil) to reflect lower CIT and HCT rates.

2. Adjustments in respect of prior years in 2020 include US\$1.5 million following the removal of the exemption on withholding taxes on intercompany loans in Nigeria and a US\$6.3 million reduction of deferred tax assets on historical capital expenditure on the Uquo oil project on which Frontier Oil Ltd is now entitled to capital allowances following the amendment of the Uquo Marginal Field Joint Operating Agreement.

The comparative amounts have been restated. For more details refer to note 34.



Notes to the Financial Statements continued

for the year ended 31 December 2021

14. Taxation continued

(b) Deferred tax

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior year:

	Fixed assets US\$'000	Unrealised FX gain US\$'000	Tax losses US\$'000	Other provisions US\$'000	Total US\$'000
Balance at 1 January 2020	99,500	(15,271)	125,553	(419)	209,363
Adjustments in respect of prior years	(5,614)	—	(2,133)	(1,130)	(8,877)
Credit/(expense) to profit or loss	2,690	(275)	(5,779)	(444)	(3,808)
Credit to Other comprehensive income	—	—	—	308	308
Balance at 31 December 2020	96,576	(15,546)	117,641	(1,685)	196,986
Adjustments in respect of prior years	722	—	(2)	25	745
Credit/(expense) to profit or loss	50,001	6,137	(28,623)	(823)	26,692
Expense to Other comprehensive income	—	—	—	(609)	(609)
Balance at 31 December 2021	147,299	(9,409)	89,016	(3,092)	223,814

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the net deferred tax balances for financial reporting purposes:

	2021 US\$'000	2020 US\$'000
Deferred tax assets	262,303	248,134
Deferred tax liabilities	(38,489)	(51,148)
Deferred tax assets (net)	223,814	196,986

At the Statement of Financial Position date, the Group and the Company have unused tax losses of US\$365.4 million and US\$34.1 million respectively (2020: Group – US\$392.6 million; Company – US\$24.2 million) available for offset against future profits. A deferred tax asset has only been recognised where future utilisation of such losses is considered probable. A deferred tax asset has been recognised on the Group's gross losses of US\$291.1 million (2020: US\$327.1 million) on the basis of the forecast profits for each entity. No deferred tax asset has been recognised in respect of the Group's remaining US\$74.3 million (2020: US\$65.5 million) of losses. No deferred tax asset was recognised by the Company (2020: US\$nil). Losses may be carried forward indefinitely.

The following deferred tax assets in entities which made a loss during the current or preceding year have been recognised on the basis of the Group's forecasted results for those entities.

	2021 US\$'000	2020 US\$'000
Fixed assets	122,070	60,194
Tax losses	82,296	110,227
Total deferred tax assets	204,366	170,421

15. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. In the prior year, there was a loss attributable to the owners of the Company, which meant the diluted weighted average number of shares would reduce the loss per share. Therefore, the basic weighted average number of shares were used to calculate the diluted loss per share.

The weighted average number of shares outstanding excludes treasury shares of 41,966,942 (2020: 42,624,837).

Year ended 31 December	2021 US\$'000	2020 US\$'000
Profit/(loss)		
Profit/(loss) attributable to owners of the Company	768	(6,684)



15. Earnings per share continued

	Number of shares	Number of shares
Basic weighted average number of shares	954,280,611	953,783,575
Add: employee share options	4,766,269	279,565
Diluted weighted average number of shares	959,046,880	954,063,140
	US\$	US\$
Earnings/(loss) per share		
Basic	0.00	(0.01)
Diluted	0.00	(0.01)

The comparative amounts have been restated. For more details refer to note 34.

50,233,574 options granted under share option schemes are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 31 December 2021 (2020: 49,973,168). These options could potentially dilute basic earnings per share in the future.

16. Property, plant and equipment Group

	Oil and gas assets US\$'000	Infrastructure assets US\$'000	Other assets US\$'000	Total US\$'000
Cost				
Balance at 1 January 2020	167,890	457,414	2,879	628,183
Additions	1,757	1,831	534	4,122
Disposals	—	—	(59)	(59)
Decommissioning remeasurement adjustment (note 30)	(14,914)	10,236	—	(4,678)
Transfer from Receivables from a joint arrangement	30,844	—	—	30,844
Transfers to Exploration and evaluation assets (note 17)	—	(284)	—	(284)
Reclassification of assets ¹	(1,725)	720	1,005	—
Balance at 31 December 2020	183,852	469,917	4,359	658,128
Additions	16,212	15,780	565	32,557
Decommissioning remeasurement adjustment (note 30)	(2,296)	(39,569)	—	(41,865)
Balance at 31 December 2021	197,768	446,128	4,924	648,820
Accumulated depreciation				
Balance at 1 January 2020	(3,269)	(5,671)	(957)	(9,897)
Depletion and depreciation charge	(17,234)	(17,555)	(751)	(35,540)
Adjustment to accumulated depreciation	176	56	(216)	16
Balance at 31 December 2020	(20,327)	(23,170)	(1,924)	(45,421)
Depletion and depreciation charge	(16,742)	(17,721)	(735)	(35,198)
Balance at 31 December 2021	(37,069)	(40,891)	(2,659)	(80,619)
Net book value				
Balance at 1 January 2020	164,621	451,743	1,922	618,286
Balance at 31 December 2020	163,525	446,747	2,435	612,707
Balance at 31 December 2021	160,699	405,237	2,265	568,201

1. Certain assets have been reclassified between the various asset classes to ensure they are reported in the most appropriate class.

Oil and gas assets principally comprise the well and field development costs relating to the Uquo and Stubb Creek oil and gas fields in Nigeria. The Infrastructure assets principally comprise the Nigerian midstream assets associated with the Group's network of gas transportation pipelines, oil and gas processing facilities and gas receiving facilities. Other assets typically include vehicles, office equipment and building improvements.

Each year, management performs a review of each CGU to identify potential impairment triggers. During 2021 and 2020, no such triggers were identified.

Following management's assessment of the gas pipelines in 2020, the expected useful life of these pipelines was increased from 25 to 40 years from 1 January 2020. This change resulted in a reduction in the Infrastructure assets depreciation charge amounting to US\$8.5 million for the year ended 31 December 2020, had no change in useful life been made.

Decommissioning remeasurement adjustments reflect updated cost estimates for the year. The new asset value will be depreciated over the remaining life of the respective assets. During 2020, the Group undertook a more detailed technical assessment of the decommissioning provision cost estimates using an independent contractor. The movement in 2021 relates to changes in assumptions used to calculate the decommissioning provision.



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16. Property, plant and equipment continued

Group continued

Following the acquisition of the Nigerian assets in 2019, the Group completed the restructuring of economic interests in the Uquo field with its partner, Frontier Oil Limited. The agreement granted economic ownership and control of 100% of the gas operations, and its partner was granted economic ownership and control of 100% of the oil operations at the Uquo field. Under the terms of the restructuring, the Group made an advance payment of cash calls of US\$20.0 million to its partner. A further US\$14.1 million of advance cash calls is payable in three yearly instalments; the first instalment of US\$5.0 million was paid by the end of 2020 with another instalment paid at the end of 2021. The advanced cash call amounts were initially recorded within Receivables from a joint arrangement in 2019. During 2020, these receivables (amounting to US\$30.8 million) were reclassified to oil and gas assets as the substance of this agreement was determined to be a re-alignment of the respective parties' economic interests and therefore similar in nature to a "signature bonus". It is being depleted in line with similar assets.

Company

	Other assets US\$'000	Total US\$'000
Cost		
Balance at 1 January 2020	737	737
Additions	20	20
Disposals	(59)	(59)
Balance at 31 December 2020	698	698
Additions	276	276
Balance at 31 December 2021	974	974
Accumulated depreciation		
Balance at 1 January 2020	(246)	(246)
Depreciation charge	(63)	(63)
Balance at 31 December 2020	(309)	(309)
Depreciation charge	(243)	(243)
Balance at 31 December 2021	(552)	(552)
Net book value		
Balance at 1 January 2020	491	491
Balance at 31 December 2020	389	389
Balance at 31 December 2021	422	422

17. Exploration and evaluation assets

Group

Exploration and evaluation assets consist of acquisition costs relating to the acquisition of exploration licences and other costs associated directly with the discovery and pre-development of specific oil and gas resources in the R1/2/3/4 licence area in the Republic of Niger, under a Production Sharing Contract ("PSC"), as described and updated below for changes in the licence position.

	US\$'000
Balance at 1 January 2020	154,745
Transfers from Property, plant and equipment (note 16)	284
Additions	4,543
Balance at 31 December 2020	159,572
Additions	1,771
Balance at 31 December 2021	161,343

The amount for Exploration and evaluation assets represents active exploration projects. These will ultimately be written off to the Statement of Comprehensive Income as exploration costs if commercial reserves are not established but are carried forward in the Statement of Financial Position whilst the determination process is not yet completed and there are no indications of impairment having regard to the indicators in IFRS 6. Included within these assets are intangible assets such as drilling costs, seismic data and capitalised overheads which amount to US\$157.6 million (2020: US\$155.8 million).

During the first half of 2020, the Group agreed with the Niger Ministry of Petroleum that the R4 licence area will be combined with the R1/R2 PSC area into a new R1/R2/R4 PSC to be issued under the Petroleum Code 2017 and that the R3 PSC would continue as a stand-alone PSC area, thus retaining the full acreage position previously covered by the R1/R2 PSC and the R3/R4 PSC. The Group has subsequently agreed to combine all four licence areas into a single PSC rather than the previous proposal of two PSCs. The new PSC is valid for ten years from the date of signing the agreement. The new PSC was approved by the Council of Ministers in 2021 and signed by the Minister of Petroleum in February 2022.

Company

No exploration and evaluation assets were capitalised by the Company as of 31 December 2021 (2020: US\$nil).



18. Right-of-use assets

Group

The Group has lease contracts for buildings used in its operations. These leases generally have terms of between five and ten years. The Group also has certain leases of assets with lease terms of 12 months or less and leases of low value office equipment which are immaterial for the Group and not disclosed. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of the right-of-use assets and the movements during the year:

	2021 US\$'000	2020 US\$'000
As at 1 January	5,581	4,183
Additions	172	3,045
Less: depreciation	(1,029)	(741)
Recognition of sub-lease	—	(906)
As at 31 December	4,724	5,581

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021 US\$'000	2020 US\$'000
As at 1 January	8,061	5,570
Additions	138	3,050
Accretion of interest	511	372
Payments	(1,850)	(767)
Changes in working capital	(29)	—
Translation effect	(48)	(164)
As at 31 December	6,783	8,061

	2021 US\$'000	2020 US\$'000
As at 31 December		
Current	1,475	1,004
Non-current	5,308	7,057
Lease liabilities (note 37)	6,783	8,061

The maturity analysis of lease liabilities is disclosed in note 33. Short-term lease commitments excluded under IFRS 16 amount to US\$105,000 (2020: US\$323,000) at year end.

The following are the amounts recognised in the Statement of Comprehensive Income:

Year ended 31 December	2021 US\$'000	2020 US\$'000
Depreciation expense for right-of-use assets	1,029	741
Interest expense on lease liabilities	511	372
Expenses relating to low value leases	462	321
Expenses relating to short-term leases	258	455
	2,260	1,889

Company

The Company has lease contracts for office buildings used in its operations. These leases have terms of between five and ten years. The Company also has certain leases of assets with lease terms of 12 months or less and leases of low value office equipment which are immaterial for the Company and not disclosed. The Company applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of the right-of-use assets and the movements during the year:

	2021 US\$'000	2020 US\$'000
As at 1 January	2,732	4,183
Additions	165	—
Less: depreciation	(404)	(530)
Recognition of sub-lease	—	(906)
Translation effect	—	(15)
As at 31 December	2,493	2,732



Notes to the Financial Statements continued

for the year ended 31 December 2021

18. Right-of-use assets continued

Company continued

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021 US\$'000	2020 US\$'000
As at 1 January	5,313	5,570
Additions	138	—
Accretion of interest	233	267
Payments	(1,041)	(360)
Changes in working capital	(30)	—
Translation effect	(48)	(164)
As at 31 December	4,565	5,313

	2021 US\$'000	2020 US\$'000
As at 31 December		
Current	821	696
Non-current	3,744	4,617
Lease liabilities (note 37)	4,565	5,313

The maturity analysis of lease liabilities is disclosed in note 33. Short-term lease commitments excluded under IFRS 16 amount to US\$nil (2020: US\$nil) at year end.

	2021 US\$'000	2020 US\$'000
Year ended 31 December		
Depreciation expense for right-of-use assets	404	530
Interest expense on lease liabilities	233	267
Expenses relating to low value leases	462	321
Expenses relating to short-term leases	—	—
	1,099	1,118

19. Finance lease receivable

Group and Company

The Group and Company are intermediate lessors of an office building and account for the head lease and the sub-lease as two separate contracts. The head lease has been accounted for as a lease liability while the sub-lease is recorded as a finance lease receivable. This lease has an initial term of four years.

Set out below are the carrying amounts of the finance lease receivable and the movements during the year:

	2021 US\$'000	2020 US\$'000
As at 1 January	1,049	—
Additions	—	1,120
Finance income	49	42
Receipts	(388)	(113)
Changes in working capital	12	—
As at 31 December	722	1,049

In February 2020, the Group and Company sub-leased an office building that was originally accounted for as a right-of-use asset. Upon transfer of the office to the sub-lessee, the Group and Company derecognised the right-of-use asset associated with the office building and recognised a finance lease receivable equal to the net investment of the lease. The difference between the net book value of the right-of-use asset and finance lease receivable at the time of recognition was US\$0.2 million and was recognised in the Statement of Comprehensive Income. The head lease continues to be recognised as a lease liability. There was no income relating to variable lease payments not included in the measurement of the net investment in the lease.

A reconciliation of the undiscounted lease payments to the net investment of the lease has been provided below:

	2021 US\$'000	2020 US\$'000
As at 31 December		
Less than 1 year	329	281
After 1 year but not more than 5 years	590	929
Undiscounted lessee payments	919	1,210
Effect of discounting lessee payments	(197)	(161)
As at 31 December	722	1,049



19. Finance lease receivable continued

Group and Company continued

A reconciliation of the undiscounted lease payments to the net investment of the lease at the point of recognition has been provided below:

	2020 US\$'000
Undiscounted lessee payments	1,266
Effect of discounting lessee payments	(146)
Net investment of the lease	1,120

20. Restricted cash

Group

As at 31 December	2021 US\$'000	2020 US\$'000
Restricted cash	1,635	1,635
	1,635	1,635

Restricted cash balances include deposits and stamp duty escrow balances relating to debt requirements which remain unavailable throughout the relevant loan term. The carrying amount of these assets is approximately equal to their fair value. There were no restricted cash balances in the Company (2020: US\$nil).

21. Investment in subsidiaries

Company

As at 31 December	2021 US\$'000	2020 US\$'000
Savannah Energy 1 Limited	8,131	7,104
Savannah Energy and Technologies Innovation Limited	—	—
Savannah Energy International Limited	—	—
Savannah Energy SAS	—	—
Savannah Energy Nigeria Limited	—	—
SPN Limited	—	—
Savannah Energy Nigeria Midstream Limited	16	17
Savannah Energy Chad Limited	—	—
Savannah Energy UK Limited	—	—
	8,147	7,121
Capital contributions related to share-based compensation	575	—
	8,722	7,121

The Company recognises an increase in the investment of Savannah Energy 1 Limited as a capital contribution from the parent and a corresponding increase in equity relating to employee share-based payments. The Company does the same for other subsidiaries within the Group of which it holds an indirect investment. During the year there was a share-based payment charge of US\$1.6 million (2020: US\$656,000), of which, US\$1.0 million (2020: US\$656,000) relates to employees employed by Savannah Energy 1 Limited and US\$575,000 (2020: US\$nil) relates to employees employed by other subsidiaries within the Group.

During the year ended 31 December 2020, the Company wrote down the full value of its investment (US\$75.3 million) in its wholly owned subsidiary SPN Limited, a financing company. The write down was following a restructuring of intercompany balances with affiliated subsidiaries. As part of the restructuring of intercompany balances, SPN Limited issued a dividend to the Company which triggered an impairment review, which subsequently led to the full impairment of the investment.



Notes to the Financial Statements continued

for the year ended 31 December 2021

21. Investment in subsidiaries continued

Company continued

The Group subsidiaries as at 31 December 2021 are disclosed below. Transactions between subsidiaries and the Company are eliminated on consolidation.

Name ¹	Nature of business	Registered office	Country of incorporation	Type of share	2021 Group shareholding	2020 Group shareholding
Savannah Energy International Limited	Service company	A	United Kingdom	Ordinary	100%	100%
Savannah Energy Nigeria Limited	Investment company	A	United Kingdom	Ordinary	100%	100%
Savannah Energy Nigeria Midstream Limited	Investment company	A	United Kingdom	Ordinary	100%	100%
Savannah Energy (Stubb Creek) Limited ²	Holding company	A	United Kingdom	Ordinary	25%	25%
Accugas Holdings UK Plc	Holding and financing company	A	United Kingdom	Ordinary	80%	80%
Savannah Energy (Uquo) Limited	Holding company	A	United Kingdom	Ordinary	80%	80%
Accugas UK Limited	Holding company	A	United Kingdom	Ordinary	80%	80%
Savannah Energy Chad Limited	Investment company	A	United Kingdom	Ordinary	100%	—
Savannah Energy UK Limited	Service company	A	United Kingdom	Ordinary	100%	—
Savannah Energy 1 Limited	Holding and service company	B	United Kingdom	Ordinary	100%	100%
Savannah Energy 2 Limited	Holding company	B	United Kingdom	Ordinary	95%	95%
SPN Limited	Finance company	C	Jersey	Ordinary	100%	100%
Savannah Petroleum Employee Benefit trust	Employee trust	C	Jersey	Ordinary	100%	100%
Savannah Energy (Uquo) Jersey Limited	Holding company	C	Jersey	Ordinary	100%	100%
Stubb Creek Holdco Limited ²	Holding company	C	Jersey	Ordinary	25%	25%
Savannah Energy SAS	Service company	D	France	Ordinary	100%	100%
Savannah Energy Niger SA	Oil exploration company	E	Niger	Ordinary	95%	95%
Exoro Holding B.V.	Holding company	F	Netherlands	Ordinary	80%	80%
Savannah Energy (BVI) Limited	Holding company	G	British Virgin Islands	Ordinary	80%	80%
Savannah Energy and Technologies Innovation Limited	Service company	H	Nigeria	Ordinary	100%	100%
Savannah Energy Uquo Gas Limited	Oil and gas exploration and development	H	Nigeria	Ordinary	80%	80%
Accugas Limited	Gas marketing, processing and distribution	H	Nigeria	Ordinary	80%	80%
Universal Energy Resources Limited ²	Oil and gas exploration and development	I	Nigeria	Ordinary	25%	25%
Accugas Funding 1 SPV PLC	Finance company	J	Nigeria	Ordinary	80%	—

1. The Group shareholding is the effective shareholding in the entities held directly or indirectly.

2. Savannah Energy (Stubb Creek) Limited is 75% owned by STC Joint Venture Limited, a Nigerian entity. This subsidiary company is consolidated into the Group with no non-controlling interest adjustment in accordance with the terms of the shareholder agreement between the Group and STC Joint Venture Limited.

Registered office addresses:

- A 40 Bank Street, London, E14 5NR, United Kingdom
- B 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
- C 11 Bath Street, St. Helier, Jersey, JE4 8UT
- D 3-5 Rue Saint Georges, 75009, Paris, France
- E 124 Rue des Ambassades, AM-8, BP 11272, Niamey, Niger
- F Fascinatio Boulevard 350, Rotterdam, 3065wb, Netherlands
- G Craigmuir Chambers PO Box 71, Road Town Tortola, British Virgin Islands
- H The Wings Complex, 17A Ozumba Mbadiwe Avenue, Victoria Island, Eti-Osa, Lagos, Nigeria
- I NAIC House, Udo Udoma Avenue, Uyo, Akwa Ibom State, Nigeria
- J 35 Kofo Abayomi Street, Victoria Island, Lagos, Nigeria



22. Inventory

As at 31 December	2021 US\$'000	2020 US\$'000
Spare parts	2,776	1,557
Crude oil and condensates	1,097	1,359
	3,873	2,916

Spare parts are mainly for gas facilities operations.

23. Trade and other receivables

As at 31 December	Group 2021 US\$'000	Company 2021 US\$'000	Group 2020 US\$'000	Company 2020 US\$'000
Trade receivables (note 33(e))	156,440	—	131,078	—
Receivables from a joint arrangement	67	—	419	—
Other financial assets (note 33(e))	5,237	86	5,548	55
	161,744	86	137,045	55
Expected credit loss (note 33(e))	(29,345)	—	(17,213)	—
	132,399	86	119,832	55
VAT receivables	694	395	185	—
Prepayments and other receivables	98,538	89,004	2,383	1,135
	231,631	89,485	122,400	1,190

The Group comparatives have been restated to combine Contract assets, amounting to US\$58.2 million, with Trade receivables.

The following has been recognised in the Consolidated Statement of Comprehensive Income relating to expected credit losses:

Year ended 31 December	Group 2021 US\$'000	Group 2020 US\$'000
Provision for expected credit loss	(12,628)	(16,782)
Gain on acquired credit impaired assets	12,602	27,774
Expected credit loss and other related adjustments	(26)	10,992

For reporting purposes previously acquired assets were shown net of any related ECL. After acquisition, some of these assets have been fully recovered. Consequently, the associated ECL has been released, with a credit of US\$12.6 million (2020: US\$27.8 million) being recognised in the Statement of Comprehensive Income. The recoveries on the acquired credit impaired assets are reflective of management's improved credit control processes since acquisition. The remaining ECL of US\$1.8 million (2020: US\$14.4 million) that was netted within the fair value of the Trade receivables at acquisition remains netted within the trade receivables balance and will only be released when the associated receivables have been fully realised.

The provision for expected credit loss that has been recognised in the year relates to an expected credit loss recognised on new invoices raised during the year as well as changes in expected credit loss rates because of non-payment of certain invoices. Set out below is the movement in the allowance for expected credit loss on trade and other receivables (note 33(e)):

	Group 2021 US\$'000	Group 2020 US\$'000
As at 1 January	17,213	431
Provision for expected credit loss	12,628	16,782
Other receivables written off	(496)	—
As at 31 December	29,345	17,213

Included within Prepayments and other receivables as at 31 December 2021 are amounts for shares to be issued following the signing of placing agreements with shareholders of the Company in 2021 amounting to US\$65.8 million (2020: US\$nil), deposits amounting to US\$21.5 million (2020: US\$nil) for the Group's proposed acquisitions of the Chad and Cameroon Assets as well as debt fees associated with unutilised debt amounting to US\$7.5 million (2020: US\$nil).



Notes to the Financial Statements continued

for the year ended 31 December 2021

24. Cash at bank

As at 31 December	Group 2021 US\$'000	Company 2021 US\$'000	Group 2020 US\$'000	Company 2020 US\$'000
Cash and cash equivalents	45,739	1,506	74,258	191
Amounts held for debt service	106,905	—	30,105	—
	152,644	1,506	104,363	191

The Directors consider that the carrying amount of cash at bank approximates their fair value.

Cash and cash equivalents includes US\$1.1 million (2020: US\$1.2 million) of cash collateral on the Orabank revolving facility. The cash collateral was at a value of XOF626.4 million (2020: XOF621.7 million).

Amounts held for debt service represents Naira denominated cash balances which are held by the Group for 2020 and 2021 debt service which has been separately disclosed from cash and cash equivalents. In total, approximately US\$132.8 million (2020: US\$78.9 million) will be paid for the 2020 and 2021 debt service from bank accounts designated as Amounts held for debt service, and from Cash and cash equivalents.

The amount of cash at bank denominated in currencies other than US Dollars is shown in note 33 to these financial statements.

25. Capital and reserves

Group and Company

As at 31 December	2021		2020	
Authorised and fully paid ordinary shares in issue (number)	996,408,412		996,408,412	
Par value per share in GBP	0.001		0.001	

	Number of shares	Share capital US\$'000	Share premium US\$'000	Shares to be issued US\$'000	Total US\$'000
At 1 January 2020	996,408,412	1,393	61,204	—	62,597
Share adjustments	—	16	—	—	16
At 31 December 2020	996,408,412	1,409	61,204	—	62,613
Shares to be issued	—	—	—	63,956	63,956
At 31 December 2021	996,408,412	1,409	61,204	63,956	126,569

During 2021, the Company signed placing agreements with shareholders to issue 251,623,456 shares at 19.35 pence per share. These shares were issued in January 2022.

Group

	Treasury shares US\$'000	Capital contribution US\$'000	Share-based payment reserve US\$'000	Total US\$'000
At 1 January 2020	—	458	6,448	6,906
Share-based payments expense during the year	—	—	656	656
Treasury shares recognised	(59)	—	—	(59)
At 31 December 2020	(59)	458	7,104	7,503
Share-based payments expense during the year	—	—	1,602	1,602
Shares issued from Treasury shares	1	—	—	1
At 31 December 2021	(58)	458	8,706	9,106

Nature and purpose of reserves

Treasury shares

Following restoration of the Group onto the London Stock Exchange in December 2017, the Group established an employee benefit trust ("EBT") to facilitate the adoption of certain management and employee incentive schemes. The EBT subscribed for 42,624,837 ordinary shares at a nominal value of £0.001 per share, issued as part of the second tranche equity placing in February 2018.

Capital contribution reserve

On 1 August 2014 a capital contribution of US\$458,000 was made by shareholders of the Group as part of the loan note conversion.

Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Further details of share-based payments are discussed in note 26.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while seeking to maximise the return to shareholders through the optimisation of the debt and equity balance.

Details of the Group's capital structure can be found in the capital accounting policy.



25. Capital and reserves continued

Nature and purpose of reserves continued

Shares to be issued

The Shares to be issued reserve represents inflows, net of expenses, to be received by the Company in relation to ordinary shares contractually obliged to be issued by the Company but, at the Statement of Financial Position date, are yet to be issued.

Company

	Capital contribution US\$'000	Share-based payment reserve US\$'000	Total US\$'000
At 1 January 2020	458	6,448	6,906
Share-based payments expense during the year	—	656	656
At 31 December 2020	458	7,104	7,562
Share-based payments expense during the year	—	1,602	1,602
At 31 December 2021	458	8,706	9,164

Nature and purpose of reserves

Capital contribution reserve, share-based payment reserve and other reserves are as for the Group described above.

26. Share-based payments

The Group operates a share option plan as part of the remuneration of employees.

Share option plan

For the year ended 31 December	2021 US\$'000	2020 US\$'000
Share-based payments	1,602	656

The Board has established a share option plan, in which share options have been granted and will vest on successful completion of certain milestones (described below). The Group signed agreements with the key management personnel setting out the terms of the options in 2014. Under IFRS 2 the options were therefore deemed to have been granted in 2014. Once the Remuneration and Nomination Committee has confirmed the successful completion of the milestone, a certain number of share options will vest for each participant.

Milestone	Number of options	Exercise price	Market vesting condition	Expected vesting period
1	15,737,896	£0.01	The Company share price to equal or exceed £1.68	10 years

The options were valued on the grant date using a Monte Carlo option pricing model which calculates the fair value of an option by using the expected vesting period, the expected volatility of the share price, the current share price, the assumed exercise price and the risk-free interest rate. The fair value of the option is amortised over the expected vesting period. There is no requirement to revalue the option at any subsequent date.

For valuation purposes, an exercise price of £0.01 was used; however, shares in the Company will be issued at an effective exercise price of £0.56.

Movements in the number of share options outstanding and their related weighted average assumed exercise prices are as follows:

	Charge/(credit) during the year US\$'000	Number of options	Exercise price in US\$ per share
Outstanding at 1 January 2020		15,464,013	
Charge during the year	566	—	—
Outstanding at 31 December 2020		15,464,013	
Charge during the year	578	—	—
Lapsed during the year	(58)	(273,883)	—
Outstanding at 31 December 2021		15,190,130	

The calculation of the share option charge per share option awarded using the Monte Carlo pricing model has been calculated to be US\$0.37. Based on the modelling assumptions and vesting conditions, a charge of US\$578,000 for the year to 31 December 2021 (2020: US\$566,000) has been recognised.



Notes to the Financial Statements continued

for the year ended 31 December 2021

26. Share-based payments continued

Share option plan continued

The following table lists the inputs to the model used to determine the fair value of options granted:

Pricing model used	Monte Carlo
Grant date	28 November 2014
Weighted average share price at grant date	£0.36
Weighted average exercise price	£0.01
Weighted average contractual life (years)	10
Share price volatility (%)	89.69
Dividend yield	—
Risk-free interest rate (%)	1.924

The expected share price volatility of 89.69% has been determined by reference to historical prices of shares in the following comparator group companies: Tullow Oil Plc, Bowleven Plc, President Energy Plc, Sound Energy PLC (previously Sound Oil Plc) and Ascent Resources Plc.

Supplementary share option plan

The Board established a supplementary share option plan, in which share options have been granted and will vest on successful completion of certain milestones (described below). The Group signed agreements with the key management personnel setting out the terms of the options in 2015. Under IFRS 2 the options were therefore deemed to have been granted in 2015. Once the Remuneration and Nomination Committee has confirmed the successful completion of the milestone, a certain number of share options will vest for each participant.

Milestone	Number of options	Exercise price	Market vesting condition	Expected vesting period
1	10,128,599	£0.38	The Company share price to equal or exceed £1.14	3 years

The options were valued on the grant date using a Monte Carlo option pricing model which calculates the fair value of an option by using the expected vesting period, the expected volatility of the share price, the current share price, the assumed exercise price and the risk-free interest rate. The fair value of the option is amortised over the expected vesting period. There is no requirement to revalue the option at any subsequent date. Movements in the number of share options outstanding and their related weighted average assumed exercise prices are as follows:

	Credit during the year US\$'000	Number of options	Exercise price in US\$ per share
Outstanding at 1 January 2020		9,999,874	
Charge during the year	—	—	—
Outstanding at 31 December 2020		9,999,874	
Charge during the year	—	—	—
Lapsed during the year	(186)	(531,332)	—
Outstanding at 31 December 2021		9,468,542	

The calculation of the share option charge per share option awarded using the Monte Carlo pricing model has been calculated to be US\$0.39. Based on the modelling assumptions and vesting conditions, there was no charge for the year to 31 December 2021 (2020: US\$nil).

The following table lists the inputs to the model used to determine the fair value of options granted:

Pricing model used	Monte Carlo
Grant date	30 July 2015
Weighted average share price at grant date	£0.40
Weighted average exercise price	£0.38
Weighted average contractual life (years)	4
Share price volatility (%)	82.34
Dividend yield	—
Risk-free interest rate (%)	1.519

The expected share price volatility of 82.34% has been determined by reference to historical prices of shares in the following comparator group companies: Tullow Oil Plc, Bowleven Plc, President Energy Plc, Sound Energy Plc and Ascent Resources Plc.



26. Share-based payments continued

2018 Employee Plan

The Board established a share option plan, in which share options have been granted and will vest on successful completion of certain milestones (described below). The Group signed agreements with the key management personnel setting out the terms of the options in 2020. Under IFRS 2 the options were therefore deemed to have been granted in 2020. Once the Remuneration and Nomination Committee has confirmed the successful completion of the milestone, a certain number of share options will vest for each participant.

Milestone	Number of options	Exercise price	Market vesting condition	Expected vesting period
1	26,640,423	£0.001	The Company share price to equal or exceed £0.47	5 years
2	5,387,499	£0.001	No market conditions	Immediately

The options with market conditions were valued on the grant date using a Monte Carlo option pricing model which calculates the fair value of an option by using the expected vesting period, the expected volatility of the share price, the current share price, the assumed exercise price and the risk-free interest rate. The fair value of the option is amortised over the expected vesting period. There is no requirement to revalue the option at any subsequent date. Movements in the number of share options outstanding and their related weighted average assumed exercise prices are as follows:

	Charge/(credit) during the year US\$'000	Number of options	Exercise price in US\$ per share
Outstanding at 1 January 2020	—	—	—
Granted during the year	—	24,937,852	—
Charge during the year	90	—	—
Outstanding at 31 December 2020	—	24,937,852	—
Granted during the year	—	7,090,070	—
Charge during the year	1,286	—	—
Lapsed during the year	(18)	(1,208,478)	—
Outstanding at 31 December 2021		30,819,444	

The calculation of the share option charge per share option awarded using the Monte Carlo pricing model has been calculated to be £0.008 (US\$0.01) for the options with market vesting conditions that were granted in the year the share price at the date of grant for the options that have no market conditions and vested on date of grant. Based on the modelling assumptions and vesting conditions, there was a charge of US\$1.3 million for the year to 31 December 2021 (2020: US\$90,000), of which US\$124,000 (2020: US\$38,000) relates to options with market vesting conditions attached and US\$1.2 million (2020: US\$52,000) relates to options with no market vesting conditions attached. For the options with no market vesting conditions attached, the full charge has been expensed during the year of grant.

The fair value for the options with no vesting conditions attached was deemed to be the share price at the grant date.

The following table lists the inputs to the model used to determine the fair value of options granted with market vesting conditions:

Pricing model used	Monte Carlo
Grant date	30 April 2020
Weighted average share price at grant date	£0.08
Weighted average exercise price	£0.001
Weighted average contractual life (years)	5
Share price volatility (%)	50
Dividend yield	—
Risk-free interest rate (%)	0.086

The expected share price volatility of 50% has been determined by reference to historical prices of shares in the following comparator group companies: Tullow Oil Plc, Bowleven Plc, President Energy Plc, Sound Energy Plc and Ascent Resources Plc.



Notes to the Financial Statements continued

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27. Non-controlling interests

	2021 US\$'000	2020 US\$'000
Balance at 1 January	(2,737)	(2,983)
Share of profit for the year	16,335	246
Share of Other comprehensive income for the year	244	—
Balance at 31 December	13,842	(2,737)

No ownership changes occurred in 2020 or 2021.

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name	Proportion of ownership interests and voting rights held by non-controlling interests	Total comprehensive (loss)/profit allocated to non-controlling interests in year ended 31 December 2021 US\$'000	Accumulated non-controlling interests US\$'000
Savannah Energy 2 Limited	5%	—	—
Savannah Energy Niger SA	5%	16	(721)
Savannah Energy (Uquo) Limited and its subsidiaries	20%	4,157	22,356
Accugas Holdings UK Plc and its subsidiaries	20%	12,406	(7,793)
Total		16,579	13,842

Name	Proportion of ownership interests and voting rights held by non-controlling interests	(Loss)/profit allocated to non-controlling interests in year ended 31 December 2020 US\$'000	Accumulated non-controlling interests US\$'000
Savannah Energy 2 Limited	5%	—	—
Savannah Energy Niger SA	5%	(118)	(737)
Savannah Energy (Uquo) Limited and its subsidiaries	20%	200	18,199
Accugas Holdings UK Plc and its subsidiaries	20%	164	(20,199)
Total		246	(2,737)

Summarised financial statements in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial statements below represents amounts before intra-group eliminations.

As at 31 December 2021	Savannah Energy Niger SA US\$'000	Savannah Energy (Uquo) Limited and its subsidiaries US\$'000	Accugas Holdings UK Plc and its subsidiaries US\$'000
Current assets	159,829	266,359	1,007,752
Non-current assets	200,515	332,352	729,811
Current liabilities	(404,527)	(347,496)	(1,486,132)
Non-current liabilities	—	(216,958)	(658,349)
	(44,183)	34,257	(406,918)
Equity attributable to owners of the Company	(43,462)	11,901	(399,125)
Non-controlling interests	(721)	22,356	(7,793)
	(44,183)	34,257	(406,918)



27. Non-controlling interests continued

	Savannah Energy Niger SA US\$'000	Savannah Energy (Uquo) Limited and its subsidiaries US\$'000	Accugas Holdings UK Plc and its subsidiaries US\$'000
Year ended 31 December 2021			
Attributable to owners of the Company	285	16,628	49,620
Attributable to the non-controlling interest	16	4,157	12,406
Total comprehensive profit	301	20,785	62,026
Net cash (outflow)/inflow from operating activities	(95)	44,810	84,132
Net cash outflow from investing activities	(1,295)	(14,287)	(16,134)
Net cash outflow from financing activities	(974)	(38,267)	(12,837)
Net cash (outflow)/inflow	(2,364)	(7,744)	55,161
As at 31 December 2020			
Current assets	162,197	203,459	921,692
Non-current assets	200,032	357,371	679,150
Current liabilities	(404,471)	(339,327)	(1,098,104)
Non-current liabilities	(94)	(208,030)	(971,730)
	(42,336)	13,473	(468,992)
Equity attributable to owners of the Company	(41,599)	(4,726)	(448,793)
Non-controlling interests	(737)	18,199	(20,199)
	(42,336)	13,473	(468,992)
Year ended 31 December 2020			
Attributable to owners of the Company	(2,245)	799	659
Attributable to the non-controlling interest	(118)	200	164
Total comprehensive (loss)/profit	(2,363)	999	823
Net cash (outflow)/inflow from operating activities	(219)	34,004	79,271
Net cash outflow from investing activities	(2,144)	(5,260)	(4,027)
Net cash inflow/(outflow) from financing activities	2,185	(21,807)	(23,436)
Net cash (outflow)/inflow	(178)	6,937	51,808



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for the year ended 31 December 2021

28. Trade and other payables

As at 31 December	Group 2021 US\$'000	Company 2021 US\$'000	Group 2020 US\$'000	Company 2020 US\$'000
Trade and other payables				
Trade payables	30,957	5,096	40,590	4,432
Accruals	62,927	31,320	35,565	5,732
VAT and WHT payable	13,783	214	12,075	160
Royalty and levies	5,196	—	6,261	—
Employee benefits	91	—	74	—
Deferred consideration	—	—	7,500	7,500
Other payables	3,817	1,766	4,160	1,834
Trade and other payables	116,771	38,396	106,225	19,658
Other payables – non-current				
Employee benefits	3,415	—	4,648	—
Other payables – non-current	3,415	—	4,648	—
	120,186	38,396	110,873	19,658

The comparative amounts for the Group have been restated. For more details refer to note 34.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Deferred consideration of US\$7.5 million related to a loan note that was initially acquired via the acquisition of the Nigerian assets in November 2019, and was then acquired by the Company for future settlement. The amount was repaid in 2021.

29. Borrowings

As at 31 December	Group 2021 US\$'000	Company 2021 US\$'000	Group 2020 US\$'000	Company 2020 US\$'000
Revolving credit facility	9,916	—	12,998	—
Bank loans	379,002	—	376,509	—
Senior Secured Notes	100,717	—	106,513	—
Other loan notes	34,610	20,986	18,642	5,791
	524,245	20,986	514,662	5,791

As at 31 December	Group 2021 US\$'000	Company 2021 US\$'000	Group 2020 US\$'000	Company 2020 US\$'000
Current borrowings	415,593	20,986	89,995	5,791
Non-current borrowings	108,652	—	424,667	—
	524,245	20,986	514,662	5,791

Accugas Limited has a bank loan facility amounting to US\$370.6 million (2020: US\$370.6 million). Repayments of principal commenced from 31 December 2019 and amortise semi-annually until the final maturity date of 31 December 2025. Principal repayment amounts are calculated as a variable percentage of the facility outstanding, increasing over the life of the facility. This facility incorporates a cash sweep to accelerate repayments subject to certain minimum cash balances. The facility carries a weighted average interest rate of 10.49%, plus three-month US LIBOR per annum. The facility is secured against the shares and assets of Accugas Limited. Note 2 sets out the position of the loan refinancing and the impact with respect to year-end classification.

Savannah Energy Uquo Gas Limited has a Senior Secured Note of US\$84.0 million (2020: US\$92.4 million). Repayments of US\$4.2 million are due semi-annually and will continue until 30 June 2026, with the remaining balance due at the final maturity date of 31 December 2026. The note carries a coupon of 8% per annum. The subsidiary also has a term facility amounting to NGN3.71 billion (US\$9.9 million, 2020: NGN4.26 billion, US\$11.0 million). Repayments of principal in amount of NGN180.0 million (US\$0.4 million) are due semi-annually until the final maturity date of 31 December 2026 at which time all remaining unpaid principal is due. The loan carries an interest rate of three-month NIBOR plus margin of 5% per annum. Both of these facilities are secured against the shares and assets of Savannah Energy Nigeria Limited (a subsidiary of the Company) and its subsidiaries.

Accugas Holdings UK Plc has a promissory note of US\$13.6 million (2020: US\$12.9 million). Repayments of principal in the amount of US\$0.5 million commenced on 30 June 2021 and continue semi-annually until the final maturity date of 31 December 2025, at which time all unpaid principal is due. The loan carries a cash interest rate of 8% per annum, with a payment-in-kind interest option of 10% per annum. The payment-in-kind interest option was exercised in 2021.



29. Borrowings continued

Accugas Holdings UK Plc also issued a Senior Secured Note of US\$20 million on 14 November 2019. The term of the note is for repayment in full by 14 November 2025. The loan carries a cash interest rate of 6% per annum, with a payment-in-kind interest option of 8% per annum. The payment-in-kind interest option was exercised in 2021. The note also includes a voluntary prepayment redemption option whereby early repayment of the principal amount will result in a discount to the contractual loan value. If this repayment option is invoked before 14 November 2022, a discount of 30% will be applied to the face value of US\$20 million. The repayment amount will increase by 10% yearly, until the maximum amount redemption option is 100% in 2024. As an embedded derivative, this option is required to be separated from the host contract and valued separately. Initially, the fair value of the note without any call option was calculated by discounting the future expected cash flows at a market yield. This resulted in an initial amortised value of US\$17.9 million with an EIR of 8.73%; the loan balance has increased due to accretion of interest and the utilisation of the payment-in-kind option with a balance of US\$21.5 million at 31 December 2021 (2020: US\$19.5 million). The call option value was estimated using a synthetic American receiver swaption model, adjusting for additional cash repayments required for early exercise. The value of the option was remeasured to an estimated US\$4.8 million (2020: US\$5.4 million) with the movement recognised as FVTPL. The option has been recorded within non-current borrowings and is set out in note 33(a). Both facilities held by Accugas Holdings UK Plc are secured against the shares and assets of Accugas Holdings UK Plc and Accugas UK Limited and the shares of Exoro Holding B.V., all of which are subsidiaries of the Company.

In September 2018 the Company issued unsecured loan notes with an outstanding balance at 31 December 2021 of £0.7 million (US\$1 million; 2020: £1.2 million, US\$1.6 million). The facility was fully repaid in January 2022.

In June 2020, the Company entered into a new unsecured US\$5.0 million revolving credit facility. The balance as at 31 December 2021 was US\$5.0 million (2020: US\$4.1 million). The facility was fully repaid in January 2022.

In September 2021, the Company entered into a new, short-term US\$20.0 million facility. The balance as at 31 December 2021 was US\$15.0 million. The repayment of principal occurs monthly in eight monthly payments from January 2022 to final maturity in August 2022. The loan carries an EIR of 15.02%.

In August 2021, Savannah Energy Niger SA entered into a XOF7.5 billion, unsecured revolving credit facility with Orabank SA bearing interest at 7.5% per annum. The final maturity is December 2022. The balance at 31 December 2021 was XOF5.75 billion (US\$9.9 million; 2020: XOF6.9 billion, US\$13.0 million) and was fully repaid in January 2022. The facility was guaranteed by the Company; this guarantee has been treated as an insurance contract under IFRS 4.

On 30 December 2021 the Group signed two debt facilities in connection with the funding of the purchase consideration of the proposed acquisitions of the Chad and Cameroon Assets. The Borrowing Base Facility amounting to US\$400.0 million has been made available to Savannah Energy Chad Limited, a Group subsidiary. The initial amount available is US\$300.0 million with an accordion feature of US\$100.0 million. The facility has a final maturity date of 84 months after the date of the agreement; it has a margin of 7.0% plus a relevant interest reference rate (LIBOR) and amortises semi-annually in accordance with a predetermined reduction profile. As a 'reserve based lending' facility the aggregate amount of outstanding utilisations available is dependant on determining the borrowing base of the proposed acquisitions of the Chad and Cameroon Assets^(m) cash flows at frequent intervals.

On the same date, the Group entered into a US\$32.0 million Junior Loan Facility with a 90 month tenor; with a cash margin of 8.0% plus a relevant interest reference rate (LIBOR) or 10.0% if paid-in-kind plus a relevant interest reference rate (LIBOR). The lender is considered a related party and is detailed in note 36.

No amounts were drawn as at 31 December 2021 on either facility; drawdown is expected on final completion of the proposed acquisitions of the Chad and Cameroon Assets.

30. Provisions

As at 31 December	2021 US\$'000	2020 US\$'000
Decommissioning provision	64,623	101,511
Other provisions	4,343	5,095
	68,966	106,606

The Group provides for the present value of estimated future decommissioning costs for its oil and gas properties in Nigeria. These costs are updated annually based upon a review of both inflation and discount rates. Periodically, the Group will undertake a more detailed technical assessment by both internal and external specialists as appropriate. The amounts shown are expected to crystallise between 2030 and 2040 for the Group's Oil & Gas assets and 2038 and 2057 for the Group's Infrastructure assets. The inflation rate used in the calculation of the decommissioning provision at 31 December 2021 was 8.17% (2020: 7.03%). The discount rate used in the calculation of the decommissioning provision at 31 December 2021 was 8.51% (2020: 4.93%). Sensitivities can be found in note 4.

Other provisions relate to amounts recognised on acquisition of the Nigerian assets in 2019. They reflect the fair value of legal claims, using an 'expected value' approach, as required to be valued under IFRS 3: Business Combinations, the timing and outcomes of which remain uncertain.



Notes to the Financial Statements continued

for the year ended 31 December 2021

30. Provisions continued

Decommissioning provision

	2021 US\$'000	2020 US\$'000
As at 1 January	101,511	104,408
Provided during the year (note 16)	407	—
Adjustment due to change in assumptions (note 16)	(42,272)	(4,678)
Unwinding of decommissioning provision discount (note 11)	4,977	1,781
As at 31 December	64,623	101,511

During 2020, the Group undertook a detailed technical assessment of the decommissioning provision cost estimates. Following the updated assessment, the decommissioning provision has been updated, with the associated decommissioning asset also adjusted to reflect the new cost estimates. During 2021, adjustments relate to changes in assumptions used within the estimate.

31. Contract liabilities

Contract liabilities represents the value of gas supply commitment to the Group's customers for gas not taken but invoiced under the terms of the contracts. The amount has been analysed between current and non-current liability, based on the customers' expected future usage gas delivery profile. This expected usage is updated periodically with the customer.

	2021 US\$'000	2020 US\$'000
As at 31 December		
Amount due for delivery within 12 months	26,467	5,065
Amount due for delivery after 12 months	213,043	185,172
	239,510	190,237
	2021 US\$'000	2020 US\$'000
As at 1 January	190,237	121,994
Additional contract liabilities	61,033	86,881
Contract liabilities utilised	(18,345)	(23,632)
Unwind of discount on contract liabilities	6,585	4,994
As at 31 December	239,510	190,237

Following the purchase of the Nigerian assets on 14 November 2019, the contract liabilities balance was adjusted to reflect the fair value at the acquisition date. Discount amounting to US\$6.6 million (2020: US\$5.0 million) has been accreted during the year as make-up gas has been delivered. The unwind has been recognised within finance costs (note 11).

32. Employee benefits

The Group operates a defined benefit gratuity scheme for the benefit of its Nigerian-based employees under the regulation of the National Pension Commission. Participant employees who have served the relevant employing company and are disengaging from service are entitled to an end of service benefit. In addition, all participating employees are entitled to a long service award every five years from their fifth year of continuous employment until their 35th year of continuous employment. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out for the year ended 31 December 2021.

(a) Changes in the present value of the employee benefits

	2021 US\$'000	2020 US\$'000
As at 1 January	4,722	376
Current service cost	992	3,754
Benefit paid by the plan	(266)	(31)
Interest expense on obligation	407	61
Plan amendment	(165)	267
Actuarial (gain)/loss recognised in Other comprehensive income	(1,827)	362
Exchange difference	(357)	(67)
As at 31 December	3,506	4,722

Plan amendments include past service amendments and remeasurements of the long service award.



32. Employee benefits continued

(b) Expenses recognised in the Statement of Comprehensive Income for the employee benefits

Year ended 31 December	2021 US\$'000	2020 US\$'000
Past service amendments	(105)	139
Current service costs	992	3,754
Remeasurement	(60)	128
Amounts recorded within staff costs (note 9)	827	4,021
Interest expense on obligation	407	61
	1,234	4,082

(c) Expenses recognised in Other comprehensive income for the employee benefits

Year ended 31 December	2021 US\$'000	2020 US\$'000
Actuarial gain/(loss) recognised in Other comprehensive income	1,827	(362)
Tax effect on actuarial gain/(loss)	(609)	308
	1,218	(54)

(d) Funded status

Both the defined benefit obligation and long service award are unfunded and will be settled using the Group's reserves.

(e) Assumptions

As at 31 December	2021 %	2020 %
Discount rate	13.3	8.5
Rate of salary increase	12.0	11.0
Rate of inflation	12.0	12.0
Benefit escalation rate	6.0	6.0

These assumptions depict management estimate of the likely future experience of the Group.

Mortality in service

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample age	2021 Number of deaths in year of age of 10,000 lives	2020 Number of deaths in year of age of 10,000 lives
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from service

Age band	2021 %	2020 %
Less than or equal to 30	3.0	3.0
31-39	2.5	2.5
40-44	2.0	2.0
45-55	1.0	1.0
56-59	0.0	0.0



Notes to the Financial Statements continued

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32. Employee benefits continued

(f) Sensitivity analysis

The sensitivity analyses below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

As at 31 December		2021 US\$'000	2020 US\$'000
Base rate assumptions		3,506	4,722
Discount rate	1% increase	3,214	4,235
	1% decrease	3,914	5,388
Salary increase rate	1% increase	3,920	5,374
	1% decrease	3,100	4,237
Mortality in service	Age rated up by 1 year	3,540	4,758
	Age rated down by 1 year	3,537	4,769

(g) Ageing analysis

The following are the expected payments or contributions to the defined benefit plan in future years:

As at 31 December		2021 US\$'000	2020 US\$'000
Within the next 12 months		91	91
Between 2 and 5 years		1,643	1,743
Between 5 and 10 years		2,974	3,165
Beyond 10 years		70,983	75,267
Total expected payments		75,691	80,266

The weighted average duration of the employee benefits is 10.76 years (2020: 13.19 years).

(h) Employee benefit risk analysis

The main risks of the Group's defined benefit gratuity scheme face are:

- The defined benefit liabilities are unfunded arrangements, which increases the chance that the benefits cannot be paid as they fall due;
- A decrease in bond yields has the effect of increasing plan liabilities. As the scheme is unfunded, there are no assets to match this increase in liability; and
- The gratuity plans are for the purposes of providing benefits for a retired employee, so increases in life expectancy result in an increase in the plans' liabilities.



33. Financial instruments

(a) Financial instruments by category

At the end of the year, the Group and Company held the following financial instruments:

As at 31 December	Group 2021 US\$'000	Company 2021 US\$'000	Group 2020 US\$'000	Company 2020 US\$'000
Financial assets				
Amortised cost				
Cash at bank (note 24)	152,644	1,506	104,363	191
Trade receivables and receivables from a joint arrangement (note 23)	127,162	—	114,617	—
Amounts due from Group companies (note 35)	—	308,203	—	303,149
Restricted cash (note 20)	1,635	—	1,635	—
Other financial assets (note 23)	5,237	86	5,215	55
Other receivables (note 23)	65,796	65,796	—	—
	352,474	375,591	225,830	303,395
Financial liabilities				
Amortised cost				
Trade payables (note 28)	(30,957)	(5,096)	(40,590)	(4,432)
Amounts owed to Group companies (note 35)	—	(34,649)	—	(12,460)
Accruals (note 28)	(62,927)	(31,320)	(35,565)	(5,732)
Interest payable	(80,101)	(251)	(51,544)	(652)
Lease liabilities (note 18)	(6,783)	(4,565)	(8,061)	(5,313)
Other payables (note 28)	(3,817)	(1,766)	(11,660)	(9,334)
Borrowings (note 29)	(529,055)	(20,986)	(520,083)	(5,791)
	(713,640)	(98,633)	(667,503)	(43,714)
Fair value through profit or loss				
Call option (within Borrowings)	4,810	—	5,421	—
	(708,830)	(98,633)	(662,082)	(43,714)
Net financial instruments	(356,356)	276,958	(436,252)	259,681

The comparative amounts for the Company have been restated. For more details refer to note 34.

The value of the Call option has been disclosed within Non-current borrowings (note 29).

(b) Risk management policy

In the context of its business activity, the Group operates in an international environment in which it is confronted with market risks, specifically foreign currency risk and interest rate risk. It does not use derivatives to manage and reduce its exposure to changes in foreign exchange rates and interest rates.

Cash at bank policy is generally to keep amounts in the Company's functional currency when possible. Additionally, other main currencies are held by local subsidiaries as required to pay employees and vendors who are paid in GBP, Naira and XOF.

In addition to market risks, the Group is also exposed to liquidity and credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or damage to the Group's reputation.

The Group manages liquidity risk by regularly reviewing cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections prepared by management.

The Group maintains good relationships with its lenders. At 31 December 2021, the Group had US\$152.6 million (2020: US\$104.4 million) of Cash at bank (Company: US\$1.5 million; 2020: US\$0.2 million) (note 24). Of this amount, US\$106.9 million (2020: US\$30.1 million) is being held for debt service (Company: US\$nil; 2020: US\$nil). In total, approximately US\$132.8 million (2020: US\$78.9 million) is required for 2020 and 2021's debt service obligations which will be sourced from bank accounts designated as Amounts held for debt service and from Cash and cash equivalents.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate cash reserves and continuously monitoring forecast and actual cash flows. The Group aims to maximise operating cash flows in order to be in a position to finance the investments required for its development.

The Group's liquidity position and its impact on the going concern assumption are discussed further in the Going concern section in note 2 of these financial statements.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial borrowings based on the earliest date on which the Group can be required to pay.

**Notes to the Financial Statements** continued

for the year ended 31 December 2021

33. Financial instruments continued**Group**

As at 31 December 2021	Weighted average effective interest rate	Less than 1 year US\$'000	Between 1-5 years US\$'000	Greater than 5 years US\$'000	Total US\$'000
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	6.58%	(1,796)	(4,914)	(976)	(7,686)
Principal repayment	10.30%	(43,365)	(105,071)	—	(148,436)
Interest payment		(5,565)	(21,484)	—	(27,049)
Variable interest rate instruments					
Principal repayment	10.56%	(371,470)	(8,608)	—	(380,078)
Interest payment		(81,183)	(5,335)	—	(86,518)
Exposure liabilities		(503,379)	(145,412)	(976)	(649,767)
As at 31 December 2020					
	Weighted average effective interest rate	Less than 1 year US\$'000	Between 1-5 years US\$'000	Greater than 5 years US\$'000	Total US\$'000
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	6.79%	(1,755)	(6,038)	(1,665)	(9,458)
Principal repayment	8.18%	(32,310)	(67,083)	(46,200)	(145,593)
Interest payment		(14,063)	(29,326)	(3,519)	(46,908)
Variable interest rate instruments					
Principal repayment	11.07%	(58,237)	(317,000)	(6,347)	(381,584)
Interest payment		(81,370)	(115,040)	(1,033)	(197,443)
Exposure liabilities		(187,735)	(534,487)	(58,764)	(780,986)

All other financial assets and financial liabilities disclosed in note 33(a) are expected to mature within one year.

With respect to trade payables, the Group generally is required to pay within 30-90 days. However, in certain cases, these amounts will be settled later but still within one year.

Company

As at 31 December 2021	Weighted average effective interest rate	Less than 1 year US\$'000	Between 1-5 years US\$'000	Greater than 5 years US\$'000	Total US\$'000
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	4.75%	(962)	(3,182)	(976)	(5,120)
Principal repayment	22.96%	(19,349)	—	—	(19,349)
Interest payment		(2,431)	—	—	(2,431)
Exposure liabilities		(22,742)	(3,182)	(976)	(26,900)
As at 31 December 2020					
	Weighted average effective interest rate	Less than 1 year US\$'000	Between 1-5 years US\$'000	Greater than 5 years US\$'000	Total US\$'000
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	4.75%	(935)	(3,472)	(1,665)	(6,072)
Principal repayment	20.34%	(5,712)	—	—	(5,712)
Interest payment		(79)	—	—	(79)
Exposure liabilities		(6,726)	(3,472)	(1,665)	(11,863)

All other financial assets and financial liabilities disclosed in note 33(a) are expected to mature within one year.

With respect to trade payables, the Group generally is required to pay within 30-90 days. However, in certain cases, these amounts will be settled later but still within one year.



33. Financial instruments continued

(d) Foreign currency risk

Foreign currency risk arises because the Group's subsidiaries operate in Nigeria, Niger and the United Kingdom, who enter into transactions in currencies are not the same as their functional currency. The net assets from such overseas operations are exposed to currency risk, giving rise to gains or losses on retranslation into the functional currency.

Foreign currency risk also arises when the Group enters into transactions denominated in a currency other than its functional currency. The main foreign currency risk in the year ended 31 December 2021 relates to transactions denominated in Nigerian Naira.

The primary exchange rate movements that the Group is exposed to are US\$:NGN, US\$:XOF, US\$:GBP and US\$:EUR. Foreign exchange risk arises from recognised assets and liabilities.

Group

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities were as follows:

	GBP US\$'000	XOF US\$'000	NGN US\$'000	EUR US\$'000
As at 31 December 2021				
Other receivables	65,796	—	—	—
Cash at bank	16	(1,705)	128,857	78
Exposure assets	65,812	(1,705)	128,857	78
Trade payables	(4,994)	(38)	(13,844)	(126)
Borrowings – current	(942)	(9,916)	(875)	—
Borrowings – non-current	—	—	(8,608)	—
Exposure liabilities	(5,936)	(9,954)	(23,327)	(126)
Net exposure	59,876	(11,659)	105,530	(48)
As at 31 December 2020				
Cash at bank	213	659	100,399	26
Exposure assets	213	659	100,399	26
Trade payables	(4,478)	(87)	(18,825)	(72)
Borrowings – current	(1,628)	(12,904)	(929)	—
Borrowings – non-current	—	(94)	(10,062)	—
Exposure liabilities	(6,106)	(13,085)	(29,816)	(72)
Net exposure	(5,893)	(12,426)	70,583	(46)
Company				
As at 31 December 2021			GBP US\$'000	EUR US\$'000
Other receivables			65,796	—
Cash at bank			16	76
Exposure assets			65,812	76
Trade payables			(4,983)	(100)
Borrowings – current			(942)	—
Exposure liabilities			(5,925)	(100)
Net exposure			59,887	(24)
As at 31 December 2020			GBP US\$'000	EUR US\$'000
Cash at bank			212	21
Exposure assets			212	21
Trade payables			(4,292)	(47)
Borrowings – current			(1,628)	—
Exposure liabilities			(5,920)	(47)
Net exposure			(5,708)	(26)



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33. Financial instruments continued

Company continued

The following table shows the effect of the US\$ strengthening by 10% against the foreign currencies, with all other variables held constant, on the Group's result for the year. 10% is the rate used internally when reporting to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

As at 31 December 2021	GBP US\$'000	XOF US\$'000	NGN US\$'000	EUR US\$'000	Total US\$'000
Impact on profit for the year – Group	(5,988)	1,166	(10,553)	5	(15,370)
Impact on loss for the year – Company	(5,989)	—	—	2	(5,987)

As at 31 December 2020	GBP US\$'000	XOF US\$'000	NGN US\$'000	EUR US\$'000	Total US\$'000
Impact on loss for the year – Group	589	1,243	(7,058)	5	(5,221)
Impact on profit for the year – Company	571	—	—	3	574

The following table shows the effect of the US\$ weakening by 10% against the foreign currencies, with all other variables held constant, on the Group's result for the year. 10% is the rate used internally when reporting to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

As at 31 December 2021	GBP US\$'000	XOF US\$'000	NGN US\$'000	EUR US\$'000	Total US\$'000
Impact on profit for the year – Group	5,988	(1,166)	10,553	(5)	15,370
Impact on loss for the year – Company	5,989	—	—	(2)	5,987

As at 31 December 2020	GBP US\$'000	XOF US\$'000	NGN US\$'000	EUR US\$'000	Total US\$'000
Impact on loss for the year – Group	(589)	(1,243)	7,058	(5)	5,221
Impact on profit for the year – Company	(571)	—	—	(3)	(574)

(e) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with financial institutions, foreign exchange transactions and other financial instruments. Credit risk is monitored by the Board of Directors.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. The Group's treasury, trading and intercompany relationships and counterparties comprise financial services institutions. For these relationships, the Group analyses publicly available information such as financial statements and other external data.

Trade and other receivables

Customer credit risk is managed subject to the Group's established policy, procedures and controls relating to customer credit risk management. The credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any deliveries to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable financial institutions. The Group applies the IFRS 9 simplified model for recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. This is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. product type and customer type). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables management.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Group has an established credit policy under which each new counterparty is analysed for creditworthiness before the Group's standard terms and conditions are offered. The Group's review includes external ratings.



33. Financial instruments continued

(e) Credit risk continued

Trade and other receivables continued

The maximum exposure the Group will bear with a single customer is dependent upon that counterparty's credit rating, the level of anticipated trading and the time period over which this is likely to run. The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk.

Set out below is the information about the credit risk exposure of the Group's trade and other receivables using a provision ageing matrix:

As at 31 December 2021	Trade receivables						Other financial assets	Total US\$'000
	Current US\$'000	<30 days US\$'000	30-60 days US\$'000	61-90 days US\$'000	91-270 days US\$'000	>271 days US\$'000	US\$'000	
Expected credit loss rate	12.81%	0.05%	0.18%	0.00%	0.00%	99.98%	0.00%	
Estimated total carrying amount at default	134,212	9,526	552	—	—	12,150	5,237	161,677
Expected credit loss	17,191	5	1	—	—	12,148	—	29,345

As at 31 December 2020	Trade receivables						Other financial assets	Total US\$'000
	Current US\$'000	<30 days US\$'000	30-60 days US\$'000	61-90 days US\$'000	91-270 days US\$'000	>271 days US\$'000	US\$'000	
Expected credit loss rate	5.14%	3.78%	11.81%	9.35%	11.29%	99.10%	6.00%	
Estimated total carrying amount at default	72,564	7,410	2,770	4,865	35,288	8,181	5,548	136,626
Expected credit loss	3,727	280	327	455	3,984	8,107	333	17,213

In line with the Group's accounting policy for some trade receivables which are subject to discussions with the counterparty, specific assessments are made to determine the recoverability of such amounts which includes expected recovery rates and discounting for the time value of money.

The fair value of the total Trade and other receivables previously acquired in 2019 are shown net of acquired ECL. Subsequent to the acquisition, certain receivables that this ECL was allocated to have been fully received. Consequently, the associated ECL has been released, with a credit of US\$12.6 million (2020: US\$27.8 million) being recognised in the income statement. The remaining ECL of US\$1.8 million (2020: US\$14.4 million) that was netted within the fair value of the Trade receivables at acquisition remains netted within the trade receivables balance and will only be released when the associated receivables have been fully realised.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2021 US\$'000	2020 US\$'000
As at 1 January	17,213	431
Provision for expected credit loss	12,628	16,782
Other receivables written off	(496)	—
As at 31 December	29,345	17,213

There were no ECL amounts for the Company (2020: US\$nil). The Company considers all intercompany balances recoverable and any potential expected credit losses are judged to be immaterial. The credit risk from related parties has not increased significantly since their initial recognition. There has been no ECL amount recognised by the Company since initial recognition and therefore no amount has been recognised within the Company's Statement of Comprehensive Income.

The provision for expected credit loss that has been recognised in the year relates to an expected credit loss recognised on new invoices raised during the year as well as changes in expected credit loss rates as a result of non-payment of certain invoices. The reconciliation of ECL charge in the year and the released ECL discussed above is shown in note 23.



Notes to the Financial Statements continued

for the year ended 31 December 2021

33. Financial instruments continued

(f) Interest rate risk

The Group had significant cash balances during the year. Changes in interest rates could have either a negative or positive impact on the Group's interest income. Whenever possible, cash balances are put on term deposits to maximise interest income.

The interest rate profile of the Group's financial assets was as follows:

As at 31 December	2021 US\$'000	2020 US\$'000
Cash at bank at variable interest rate – Group (note 24)	152,644	104,363
Cash at bank at variable interest rate – Company (note 24)	1,506	191

The cash at bank at floating interest rates consist of deposits which earn interest at variable rates depending on length of term and amount on deposit.

The following table shows the effect of the short-term interest rates increasing by 1%, with all other variables held constant, on the Group and Company's result for the year. A 1% is the movement that represents management's assessment of the reasonable possible change in interest rates.

Year ended 31 December	2021 US\$'000	2020 US\$'000
Impact on profit/(loss) – Group	1,526	1,044
Impact on (loss)/profit – Company	15	2

The following table shows the effect of the short-term interest rates decreasing by 1%, with all other variables held constant, on the Group and Company's result for the year. A 1% is the movement that represents management's assessment of the reasonable possible change in interest rates.

Year ended 31 December	2021 US\$'000	2020 US\$'000
Impact on profit/(loss) – Group	(1,526)	(1,044)
Impact on (loss)/profit – Company	(15)	(2)

The Group is exposed to cash flow interest rate risk through funds borrowed at variable interest rates. These exposures arise from the interest on third-party loans which are based on US LIBOR and NIBOR. Changes to the borrowing costs of the Group are monitored by management and assessed relative to the Group's ongoing cash flows from operations.

The sensitivity analyses have been determined based on the exposure to interest rates for financial instruments at the Statement of Financial Position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the Statement of Financial Position date was outstanding for the whole year. A 1% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

The interest rate profile of the Group's financial liabilities was as follows:

As at 31 December	2021 US\$'000	2020 US\$'000
Borrowings at variable interest rate – Group	380,078	381,584
Borrowings at variable interest rate – Company	—	—

The following table shows the effect of the short-term interest rates increasing by 1%, with all other variables held constant, on the Group and Company's result for the year. A 1% is the movement that represents management's assessment of the reasonable possible change in interest rates.

Year ended 31 December	2021 US\$'000	2020 US\$'000
Impact on profit/(loss) – Group	(3,801)	(3,816)
Impact on (loss)/profit – Company	—	—

The following table shows the effect of the short-term interest rates decreasing by 1%, with all other variables held constant, on the Group and Company's result for the year. A 1% is the movement that represents management's assessment of the reasonable possible change in interest rates.

Year ended 31 December	2021 US\$'000	2020 US\$'000
Impact on profit/(loss) – Group	3,801	3,816
Impact on (loss)/profit – Company	—	—



33. Financial instruments continued

(g) Capital disclosures

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term, and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, proceeds from the issue of shares, debt financing and cash flows from its Nigerian operating entities. There are no externally imposed capital requirements. Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

The Directors monitor capital by tracking leverage, adjusted leverage and interest cover. Leverage is calculated as 'net debt' divided by Adjusted EBITDA, while adjusted leverage is calculated as 'Adjusted net debt' divided by Adjusted EBITDA. Adjusted net debt is defined as borrowings less cash at bank, plus cash that is being held to service interest payable on the Group's Nigerian loan. Interest cover is defined as Adjusted EBITDA divided by finance costs excluding unwinding of certain liabilities less finance income.

EBITDA is defined as earnings before interest, tax, depletion, depreciation and amortisation after adjusting for transaction expenses. Adjusted EBITDA is defined as EBITDA including deferred revenue and other invoiced amounts, less royalty payables on the additional deferred revenue and other invoiced amounts and expected credit loss and other related adjustments.

As at 31 December	2021 US\$'000	2020 US\$'000
Borrowings	524,245	514,662
Less: cash at bank	(152,644)	(104,363)
Restricted cash	(1,635)	(1,635)
Net debt	369,966	408,664
Add: amounts set aside for interest payable	75,540	47,980
Adjusted net debt	445,506	456,644
Year ended 31 December	2021 US\$'000	2020 US\$'000
Operating profit	87,713	92,846
Add:		
Depletion, depreciation and amortisation	36,227	36,281
Transaction expenses	7,374	—
EBITDA	131,314	129,127
Add: other invoiced amounts	44,675	66,946
Less: royalty payable on addition gas volume	(1,032)	(1,900)
Expected credit loss and other related adjustments	26	(10,992)
Adjusted EBITDA	174,983	183,181
Year ended 31 December	2021 US\$'000	2020 US\$'000
Finance costs	76,604	75,796
Less: unwind of long-term liabilities	(12,924)	(8,561)
Finance income	(490)	(472)
Interest cover finance costs	63,190	66,763
	2021	2020
Leverage	2.1x	2.2x
Adjusted leverage	2.5x	2.5x
Interest cover ratio	2.8x	2.8x

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would provide the lenders with the ability to immediately call loans and borrowings. The whole loan facility held by Accugas Limited has been classified as current, for more details refer to note 2.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.



Notes to the Financial Statements continued

for the year ended 31 December 2021

34. Restatement of comparatives

During 2021, the Group was made aware that recharges from the UK office to the Niger operations were not (as previously thought to be) exempt from withholding tax. Therefore, Administrative and other operating expenses were understated. The affected financial statement line items in comparative years have been restated. The following tables summarise the impacts on both the Group's and Company's financial statements. The Group and the Company has presented a third Statement of Financial Position as at the beginning of the preceding year because the restatement relates to years prior to the comparative year. Other prior period adjustments are disclosed in note 2.

Group

The restated Consolidated Statement of Financial Positions are as follows:

As at 1 January 2020	Impact of restatement		
	As previously reported US\$'000	Adjustments US\$'000	As restated US\$'000
Total assets	1,145,013	—	1,145,013
Equity and liabilities			
Capital and reserves			
Share capital	1,393	—	1,393
Share premium	61,204	—	61,204
Capital contribution	458	—	458
Share-based payment reserve	6,448	—	6,448
Retained earnings	164,885	(3,786)	161,099
Equity attributable to owners of the Company	234,388	(3,786)	230,602
Non-controlling interests	(2,983)	—	(2,983)
Total equity	231,405	(3,786)	227,619
Total non-current liabilities	700,676	—	700,676
Current liabilities			
Trade and other payables	120,184	3,786	123,970
Borrowings	71,387	—	71,387
Interest payable	13,715	—	13,715
Tax liabilities	3,090	—	3,090
Lease liabilities	614	—	614
Contract liabilities	3,942	—	3,942
Total current liabilities	212,932	3,786	216,718
Total equity and liabilities	1,145,013	—	1,145,013

As at 31 December 2020	Impact of restatement		
	As previously reported US\$'000	Adjustments US\$'000	As restated US\$'000
Total assets	1,207,209	—	1,207,209
Equity and liabilities			
Capital and reserves			
Share capital	1,409	—	1,409
Share premium	62,092	—	62,092
Treasury shares	(59)	—	(59)
Capital contribution	458	—	458
Share-based payment reserve	7,104	—	7,104
Retained earnings	158,670	(4,250)	154,420
Equity attributable to owners of the Company	229,674	(4,250)	225,424
Non-controlling interests	(2,737)	—	(2,737)
Total equity	226,937	(4,250)	222,687
Total non-current liabilities	728,150	—	728,150
Current liabilities			
Trade and other payables	101,975	4,250	106,225
Borrowings	89,995	—	89,995
Interest payable	51,544	—	51,544
Tax liabilities	2,539	—	2,539
Lease liabilities	1,004	—	1,004
Contract liabilities	5,065	—	5,065
Total current liabilities	252,122	4,250	256,372
Total equity and liabilities	1,207,209	—	1,207,209



34. Restatement of comparatives continued

Group continued

The restated Consolidated Statement of Comprehensive Income is as follows:

Year ended 31 December 2020	Impact of restatement		
	As previously reported US\$'000	Adjustments US\$'000	As restated US\$'000
Gross profit	96,545	—	96,545
Administrative and other operating expenses	(14,227)	(464)	(14,691)
Expected credit loss and other related adjustments	10,992	—	10,992
Operating profit	93,310	(464)	92,846
Profit before tax	10,908	(464)	10,444
Loss after tax	(5,974)	(464)	(6,438)
Other comprehensive income			
Other comprehensive loss	(54)	—	(54)
Total comprehensive loss	(6,028)	(464)	(6,492)
Profit/(loss) after tax attributable to:			
Owners of the Company	(6,220)	(464)	(6,684)
Non-controlling interests	246	—	246
	(5,974)	(464)	(6,438)
Total comprehensive profit/(loss) after tax attributable to:			
Owners of the Company	(6,274)	(464)	(6,738)
Non-controlling interests	246	—	246
	(6,028)	(464)	(6,492)

There is no impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the year ended 31 December 2020.

Company

The restated Company Statement of Financial Positions are as follows:

As at 1 January 2020	Impact of restatement		
	As previously reported US\$'000	Adjustments US\$'000	As restated US\$'000
Total non-current assets	86,463	—	86,463
Current assets			
Trade and other receivables	3,176	—	3,176
Intercompany receivables	184,444	(5,105)	179,339
Cash at bank	1,009	—	1,009
Total current assets	188,629	(5,105)	183,524
Total assets	275,092	(5,105)	269,987
Equity and liabilities			
Capital and reserves			
Share capital	1,393	—	1,393
Share premium	61,204	—	61,204
Capital contribution	458	—	458
Share-based payment reserve	6,448	—	6,448
Retained earnings	171,598	(5,105)	166,493
Total equity	241,101	(5,105)	235,996
Total liabilities	33,991	—	33,991
Total equity and liabilities	275,092	(5,105)	269,987



Notes to the Financial Statements continued

for the year ended 31 December 2021

34. Restatement of comparatives continued

Company continued

As at 31 December 2020	Impact of restatement		
	As previously reported US\$'000	Adjustments US\$'000	As restated US\$'000
Total non-current assets	11,291	—	11,291
Current assets			
Trade and other receivables	1,190	—	1,190
Intercompany receivables	308,718	(5,569)	303,149
Cash at bank	191	—	191
Total current assets	310,099	(5,569)	304,530
Total assets	321,390	(5,569)	315,821
Equity and liabilities			
Capital and reserves			
Share capital	1,409	—	1,409
Share premium	62,092	—	62,092
Capital contribution	458	—	458
Share-based payment reserve	7,104	—	7,104
Retained earnings	206,453	(5,569)	200,884
Total equity	277,516	(5,569)	271,947
Total liabilities	43,874	—	43,874
Total equity and liabilities	321,390	(5,569)	315,821

For the year ended 31 December 2020, the Company's profit reduced by US\$464,000 as a result of this restatement. The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Company Statement of Comprehensive Income and therefore have not disclosed the restated Company Statement of Comprehensive Income. There is no impact on the Company's total operating, investing or financing cash flows for the year ended 31 December 2020.

35. Intercompany receivable/payable

Company

As at 31 December	2021 US\$'000	2020 US\$'000
Intercompany receivable	308,203	303,149
Intercompany payable	(34,649)	(12,460)

The comparative amounts have been restated. For more details refer to note 34.

Intercompany receivables are amounts on demand and are not interest bearing. The receivable balance has increased in the year is due to time writing recharges and payment of invoices on behalf of subsidiary undertakings. The increase in intercompany payables in the year is due to cash pooling arrangements made from subsidiaries to the Company as well as invoices being paid on behalf of the Company by its subsidiary undertakings.

36. Related party transactions

Transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note, refer to amounts disclosed in note 35 for related party balances within the Company. Details of transactions between the Company and other related parties are disclosed below.

Compensation of key management personnel

Key management are the Directors (Executive and Non-Executive). Compensation of key management personnel is disclosed in note 9. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report.

Trading transactions

Other than normal intercompany transactions, there was a related party transaction in respect of the Junior Loan Facility described in note 29. On 30 December 2021, the Group and Lothian Capital Partners 4 Limited ("LCP4L"), as lender entered into a US\$32.0 million Junior Loan Facility, together with up to 101,113,992 ordinary share warrants to be issued to LCP4L. Andrew Knott is the beneficial owner of LCP4L.



37. Cash flow reconciliations

Group

A reconciliation of profit before tax to net cash generated from operating activities is as follows:

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
(Loss)/profit for the year before tax	(7,745)	10,444
Adjustments for:		
Depreciation	1,764	1,492
Depletion	34,463	34,789
Finance income	(49)	(388)
Finance costs	76,604	75,796
Fair value movement	610	1,682
Unrealised foreign translation loss	9,791	404
Share option charge	1,602	656
Expected credit loss and other related adjustments	26	(10,992)
Operating cash flows before movements in working capital	117,066	113,883
(Increase)/decrease in inventory	(956)	1,104
Increase in trade and other receivables	(57,744)	(49,281)
Increase/(decrease) in trade and other payables	29,455	(11,162)
Increase in contract liabilities	42,689	63,247
Income tax paid	(2,395)	(2,222)
Net cash generated from operating activities	128,115	115,569

Interest paid during the year amounted to US\$22.6 million (2020: US\$19.8 million).

The comparative amounts have been restated. For more details refer to note 34.

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Borrowings US\$'000	Interest payable US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2021	514,662	51,544	8,061	574,267
Cash flows				
Repayment	(15,818)	(22,584)	(1,850)	(40,252)
Proceeds	18,476	—	—	18,476
Realised foreign translation	175	—	—	175
	2,833	(22,584)	(1,850)	(21,601)
Non-cash adjustments				
Payment-in-kind adjustment/accretion of interest	10,544	51,327	511	62,382
Lease liability additions	—	—	138	138
Net debt fees recognised	(2,774)	—	—	(2,774)
Borrowing fair value adjustments	610	—	—	610
Working capital movements	—	—	(29)	(29)
Foreign translation	(1,630)	(186)	(48)	(1,864)
At 31 December 2021	524,245	80,101	6,783	611,129
	Borrowings US\$'000	Interest payable US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2020	532,052	13,715	5,570	551,337
Cash flows				
Repayment	(31,474)	(19,785)	(767)	(52,026)
Proceeds	7,213	—	—	7,213
	(24,261)	(19,785)	(767)	(44,813)
Non-cash adjustments				
Payment in kind adjustment/accretion of interest	3,991	57,612	372	61,975
Lease liability additions	—	—	3,050	3,050
Net debt fees	1,049	—	—	1,049
Borrowing fair value adjustments	1,682	—	—	1,682
Foreign translation	149	2	(164)	(13)
At 31 December 2020	514,662	51,544	8,061	574,267



Notes to the Financial Statements continued

for the year ended 31 December 2021

37. Cash flow reconciliations continued

Company

A reconciliation of profit or loss before tax to net cash used operating activities is as follows:

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
(Loss)/profit for the year before tax	(27,068)	32,496
Adjustments for:		
Depreciation	543	594
Finance costs	5,682	5,975
Finance income	(49)	(2,058)
Dividend income	—	(116,190)
Impairment in investment	—	75,339
Share option charge	1,026	656
Unrealised foreign translation loss	(227)	740
Operating cash flows before movements in working capital	(20,093)	(2,448)
Decrease in other receivables and prepayments	3,506	992
Increase/(decrease) in trade and other payables	470	(541)
Increase/(decrease) in accruals	8,743	(381)
Net cash used in operating activities	(7,374)	(2,378)

Interest paid during the year amounted to US\$1.9 million (2020: US\$0.1 million).

The comparative amounts have been restated. For more details refer to note 34.

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Borrowings US\$'000	Interest payable US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2021	5,791	652	5,313	11,756
Cash flows				
Repayment	(876)	(1,886)	(1,041)	(3,803)
Proceeds	15,582	—	—	15,582
	14,706	(1,886)	(1,041)	11,779
Non-cash adjustments				
Accretion of interest	407	1,485	233	2,125
Lease liability additions	—	—	138	138
Net debt fees	75	—	—	75
Working capital movements	—	—	(30)	(30)
Foreign translation	7	—	(48)	(41)
At 31 December 2021	20,986	251	4,565	25,802
	Borrowings US\$'000	Interest payable US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2020	6,596	—	5,570	12,166
Cash flows				
Repayment	(3,846)	(124)	(360)	(4,330)
Proceeds	2,098	—	—	2,098
	(1,748)	(124)	(360)	(2,232)
Non-cash adjustments				
Accretion of interest	1,041	776	267	2,084
Foreign translation	(98)	—	(164)	(262)
At 31 December 2020	5,791	652	5,313	11,756

38. Capital commitments

At the reporting date, the Group had capital commitments of US\$1.5 million (2020: US\$4.9 million), all expected to be satisfied within 12 months.



39. Contingent liabilities

One of the Group's subsidiaries ("the Subsidiary") had previously received approval from the Nigerian Investment Promotion Commission ("NIPC") that granted it an exemption from certain corporate taxes for a period of five years from February 2014 ("Pioneer Relief"). Subsequently, NIPC reduced the exemption period to three years with the remaining two years subject to a further extension request, which the Subsidiary submitted, but has not yet been formally advised of the outcome. During a recent tax audit by the Nigerian tax authorities ("FIRS"), the validity of the extension request has been queried. The Group is of the view that it has fully complied with all requirements necessary to obtain the extension. However, if FIRS are ultimately successful, an additional US\$61.0 million of gas profits would be subject to corporate taxes of approximately US\$3.9 million together with a deferred tax charge of approximately US\$15.5 million reflecting the utilisation of capital allowances.

40. Events after the reporting period

The Directors are not aware of any events after the reporting date that require reporting.



Reserves and Resources

as at 31 December 2021

	2P Reserves		2C Resources	
	Gross	Net	Gross	Net
Nigeria¹				
Oil and condensate (MMstb)				
Uquo	0.6	0.5	—	—
Stubb Creek	13.2	3.1	—	—
Gas (Bscf)				
Uquo	555.8	444.6	82.8	66.2
Stubb Creek	—	—	515.3	293.7
Niger²				
Oil (MMstb)				
	—	—	35.0	33.3
Total (MMboe)	106.4	77.7	134.7	93.3

1. A Competent Person's Report, 'CPR' for the Nigeria Assets was compiled by CGG Services (UK) Ltd, 'CGG' which certified 2P reserves and 2C resources as at 1 October 2021. The Reserves above have been adjusted for produced volumes to year-end.

2. For Niger, the Net portion of the gross resources are attributable to Savannah before royalties, taxes and government share of profit. Contingent resource estimates for Niger are as per CGG CPR dated 17 December 2021.



Payments to Government Reporting under EU Accountancy & Transparency Directives

For the year ended 31 December 2021

Report of payments to governments

This report sets out details of the payments made to governments by the Group for the year ended 31 December 2021 as required under the Disclosure and Transparency Rules of the UK Financial Conduct Authority (the "DTRs") and in accordance with our interpretation of the draft Industry Guidance issued for the UK's Report on Payments to Governments Regulations 2014, as amended in December 2015. The DTRs require companies in the UK and operating in the extractives sector to publicly disclose payments made to governments in the countries where they undertake exploration, prospecting, development and extraction of oil and natural gas deposits or other materials.

Government payments

The Group's extractive operations in Niger and Nigeria give rise to a number of payments to government, including royalties, taxes and levies made by the group on its own behalf and on behalf of suppliers and employees through the deduction of VAT, PAYE and other withholding taxes. Different payments arise at different times over the course of a typical upstream or midstream project, including the following significant items:-

Project phase	Licence fees	Signature bonuses	WHT & VAT on supplier payments	PAYE on staff salaries	Import duty	Payments to host communities & for infrastructure improvements	Royalties on production	Income tax on profits	WHT on dividends
Exploration	✓	✓	✓	✓	✓	✓			
Development/ Construction			✓	✓	✓	✓			
Production/ operation			✓	✓		✓	✓	✓	✓
Abandonment						✓			

In many cases, investment incentives available to the oil and gas sector, or to companies generally, such as tax holidays, offset of start-up losses and capital allowances, can defer the full incidence of income tax until after the commencement of production/operations.

	Upstream projects			Other	
	Uquo US\$'000	Stubb Creek US\$'000	Agadem US\$'000	Midstream US\$'000	Corporate US\$'000
Income taxes	1,764	—	4	702	—
Royalties	3,167	1,272	—	—	—
Licence fees, rental fees, entry fees & other consideration for licences	—	—	12	—	—
Payments for infrastructure improvements	—	—	—	13	—
	4,931	1,272	16	715	—
Consumption taxes	171	246	—	623	1,408
Taxes paid on behalf of others	1,389	304	216	4,367	4,007
	1,560	550	216	4,990	5,415
Total	6,491	1,822	232	5,705	5,415
Nigeria Federal government	6,487	1,551	—	3,946	—
Nigeria State government	4	260	—	1,740	—
Nigeria local government	—	11	—	6	—
Nigeria local communities	—	—	—	13	—
Niger Federal government	—	—	232	—	—
UK Federal government	—	—	—	—	5,215
UK Local government	—	—	—	—	200
Total	6,491	1,822	232	5,705	5,415

Treatment of joint operations

- amounts include payments made by the Group directly to governments in respect of the joint operations and sole costs;
- cash calls made by joint operations for payments to governments are excluded.

Payments for infrastructure improvements

- these include community and social project expenditure

Consumption taxes paid on behalf of others

- these include VAT, withholding taxes and payroll taxes withheld from payments to suppliers and employees

Payments other than in relation to upstream projects are not required by the EU Accountancy & Transparency Directives but are included for completeness.



Glossary

2P Reserves	the sum of proved plus probable reserves;
2C Resources	the best estimate of Contingent Resources;
3D seismic	geophysical data that depicts the subsurface strata in three dimensions. 3D seismic typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic;
Accugas Midstream Business	the business currently operated by Accugas Limited, comprising a 200 MMscfpd gas processing facility and approximately 260 km gas pipeline network and associated gas processing infrastructure;
Barrels or bbl	a unit of volume measurement used for petroleum and its products (for a typical crude oil 7.3 barrels = 1 tonne; 6.29 barrels = 1 cubic metre);
Bscf	billion standard cubic feet;
Bscfpd	billion standard cubic feet per day;
best estimate	the middle value in a range of estimates considered to be the most likely. If based on a statistical distribution, can be the mean, median or mode depending on usage;
block	an area defined for exploration licensing;
boe	barrels of oil equivalent. One barrel of oil is approximately the energy equivalent of 6 Mscf of natural gas;
condensate	light hydrocarbon compounds that condense into liquid at surface temperatures and pressures. They are generally produced with natural gas and are a mixture of pentane and higher hydrocarbons;
Contingent Resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies;
Cameroon Pipeline Company	Cameroon Oil Transportation Company S.A.
Chad Pipeline Company	Tchad Oil Transportation Company S.A.
Cretaceous	geological strata formed during the period 140 million to 65 million years before the present;
crude oil	hydrocarbons that at atmospheric temperature and pressure are in a liquid state, including crude mineral oil, asphalt and ozokerites, and liquid hydrocarbons that are obtained by separation treatment, processing or extraction;
debottlenecked	process of identifying specific areas and/or equipment in oil and gas facilities that limit the flow of product and optimising them so that overall capacity in the plant can be increased;
EBITDA	Earnings before interest, tax, depletion, depreciation and amortisation;
E&P	exploration and production;
exploration well	a well drilled to find hydrocarbons in an unproved area or to extend significantly a known oil or natural gas reservoir;
fault or faulting	a displacement (vertical, inclined or lateral) below the earth's surface that acts to offset rock layers relative to one another. Faulting can create traps for hydrocarbons;
field	an area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition;
formation	a layer or unit of rock. A productive formation in the context of reservoir rock;
full tensor gravity	a form of gravimetric survey;
geophysical	measurement of the earth's physical properties to explore and delineate hydrocarbons by means of electrical, seismic, gravity and magnetic methods;
gross resources	the total estimated petroleum that is potentially recoverable from a field or prospect;
GSA	gas sales agreement;
HSE	health, safety and environment;
HSSE	health, safety, security and the environment
hydrocarbon	a compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate;
investment grade	a rating that indicates that a municipal or corporate bond has a relatively low risk of default;



Kboepd	thousands of barrels of oil equivalent per day;
Kbopd	thousands of barrels of oil per day;
km	kilometre;
km²	square kilometres;
lead	an identified opportunity with sufficient support from geological analogues and the like to encourage further data acquisition and/or study on the basis that hydrocarbon accumulations may be found in the future;
licence	an exclusive right to search for or to develop and produce hydrocarbons within a specific area and/or a pipeline licence, as the context requires. Usually granted by the State authorities and may be time limited;
M	thousand;
MM	million;
MMboe	millions of barrels of oil equivalent;
MMbopd	millions of barrels of oil per day;
MMscf	million standard cubic feet;
MMscfpd	millions of standard cubic feet per day;
MMstb	millions of standard stock tank barrels of oil;
Mtoe	million tonne of oil equivalent
Mscf	thousand standard cubic feet;
Mscfe	thousand standard cubic feet of gas equivalent;
natural gas	hydrocarbon that at a standard temperature of sixty degrees Fahrenheit (60°F) and a standard pressure of one atmosphere are in a gaseous state, including wet mineral gas and dry mineral gas, casing head gas, residual gas remaining after separation treatment, processing, or extraction of liquid hydrocarbons;
Nigerian assets	the interest in the Uquo Gas Project owned by SEUGL, the interest in the Stubb Creek Field owned by Universal Energy Resources and the interest in the Accugas Midstream Business owned by Accugas Limited;
oil equivalent	international standard for comparing the thermal energy of different fuels;
operator	the entity that has legal authority to drill wells and undertake production of hydrocarbons found. The operator is often part of a consortium and acts on behalf of this consortium;
petroleum	a generic name for hydrocarbons, including crude oil, natural gas liquids, natural gas and their products;
play	a project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects;
prospect	a project associated with a potential accumulation of oil or natural gas that is sufficiently well defined to represent a viable drilling target;
prospective resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects;
PSC	Production Sharing Contract;
reserves	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions;
reservoir	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. A reservoir is a critical component of a complete petroleum system;
resources	deposits of naturally occurring hydrocarbons which, if recoverable, include those volumes of hydrocarbons either yet to be found (prospective) or if found the development of which depends upon a number of factors (technical, legal and/or commercial) being resolved (contingent);
seal	a relatively impermeable rock, commonly shale, anhydrite or salt, that forms a barrier or cap above and around reservoir rock such that fluids cannot migrate beyond the reservoir. A seal is a critical component of a complete petroleum system;
seismic survey	a method by which an image of the earth's subsurface is created through the generation of shockwaves and analysis of their reflection from rock strata. Such surveys can be done in two or three-dimensional form;
stratigraphic	a mode of trapping hydrocarbons which is not dependent on structural entrapment;
Stubb Creek Field	the Stubb Creek marginal field located in the OML 14 block onshore Nigeria;
Tscf	trillion standard cubic feet;
Tertiary	geological strata formed during the period from 65 to 1.8 million years ago.
Uquo Gas Project	the gas project at the Uquo Field;



Definitions

-
- (a) **Total Revenues** are defined as the total amount of invoiced sales during the period. This number is seen by management as appropriately reflecting the underlying cash generation capacity of the business as opposed to Revenue recognised in the Consolidated Statement of Comprehensive Income. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Consolidated Statement of Comprehensive Income is provided in our 2020 Annual Report in the Financial Review section on page 56. Note that Total Revenues is not an audited number.
- # In order to compare performance on a like-for-like basis the 2020 Total Revenues have been represented to exclude the impact of an advance payment of US\$20 million received from Lafarge Africa on entering an amended and extended gas sales agreement.
-
- (b) **Remaining life of contact revenues** estimated on a maintenance adjusted Take or Pay basis including contributions from three of our customers: Calabar Generation Company Limited (owner of the Calabar power station), Ibom Power Company Limited (owner of the Ibom power station) and the Lafarge Africa PLC (owner of the Lafarge Mfamosing cement plant). Note this is not an audited number.
-
- (c) **Adjusted EBITDA** is calculated as profit or loss before finance costs, investment revenue, foreign exchange gains or loss, expected credit loss and other related adjustments, fair value adjustments, gain on acquisition, taxes, transaction costs, depreciation, depletion and amortisation and adjusted to include deferred revenue and other invoiced amounts. Management believes that the alternative performance measure of Adjusted EBITDA more accurately reflects the cash-generating capacity of the business.
- # In order to compare performance on a like-for-like basis the 2020 Adjusted EBITDA has been represented to exclude the impact of an advance payment of US\$20 million received from Lafarge Africa on entering an amended and extended gas sales agreement.
-
- (d) **Total contributions** to Nigeria and Niger defined as payments to governments, employee salaries and payments to local suppliers and contractors. Where total contributions refer to the period 2014–2021 they include contributions to Nigeria during the period pre-acquisition of the Nigerian assets by Savannah.
-
- (e) **Investment grade** indicates credit support from an entity which holds an investment grade rating from either Standard & Poor's, Moody's or Fitch Ratings.
-
- (f) **Adjusted Net debt** is defined as Net debt adjusted for US\$75.5 million (2020: US\$48.0 million) equivalent held in Naira that is set aside to cover interest payments. This measure recognises the fact that when interest is paid the Net debt will rise.
-
- (g) **Group Operating expenses plus administrative expenses** are defined as total cost of sales, administrative and other operating expenses excluding royalty and depletion, depreciation and amortisation.
-
- (h) **Interest cover ratio** is Adjusted EBITDA^(c) divided by Finance costs excluding (i) unwinding of a discount on a long-term payable, (ii) unwind of discount on contract liabilities and (iii) unwinding of decommissioning discount, less Interest Finance Income.
-
- (i) **Net debt** is defined as Borrowings less Cash at bank and Restricted cash.
-
- (j) **Cash collections** are defined as the amount of cash received from customers.
- # In order to compare performance on a like-for-like basis the 2020 Cash collections have been represented to exclude the impact of an advance payment of US\$20 million received from Lafarge Africa on entering an amended and extended gas sales agreement.
-



(k) **Leverage** is defined as Net debt divided by Adjusted EBITDA.

(l) **Adjusted Leverage** is defined as Adjusted net debt divided Adjusted EBITDA. This measure thus excludes sums held to pay interest from the calculation in parallel with Adjusted net debt.

(m) **the proposed acquisitions of the Chad and Cameroon Assets:** means the assets to be acquired on completion of the Exxon Acquisition (being a 40% participating interest in the Doba OFDA in Chad, and a 40.19% and 41.06% shareholding interest in Tchad Oil Transportation Company and Cameroon Oil Transportation Company (respectively) which own and operate the Chad-Cameroon pipeline and FSO), and the assets to be acquired on completion of the PETRONAS Acquisition (being a 35% participating interest in the Doba OFDA in Chad, and a 30.16% and 29.77% shareholding interest in Tchad Oil Transportation Company and Cameroon Oil Transportation Company (respectively) which own and operate the Chad-Cameroon pipeline and FSO).

Exxon Acquisition the acquisition of Esso Pipeline Investments Limited and Esso Exploration and Production Chad Inc.

PETRONAS Acquisition the acquisition of PETRONAS Carigali Chad Exploration & Production Inc., PETRONAS Carigali (Chad EP) Inc, Doba Pipeline Investments Inc. and PETRONAS Chad Marketing Inc.



Footnotes

Section title	Footnotes
Why invest in Savannah Pages 4 and 5	<ol style="list-style-type: none"> 1. Forecasts based on Chad and Cameroon CPR prepared by CGG Services (UK) Ltd., November 2021. Further, note that Savannah benefits economically from Acquisition Asset cash flow generation in FY2021 and FY2022, given the Transaction effective date of 1 January 2021. 2. Source: CNBC.
Chad and Cameroon Pages 6 to 9	<ol style="list-style-type: none"> 1. Forecasts based on Chad and Cameroon CPR prepared by CGG Services (UK) Ltd., November 2021. Further, note that Savannah benefits economically from Acquisition Asset cash flow generation in FY2021 and FY2022, given the Transaction effective date of 1 January 2021. 2. Wood Mackenzie Report 2022. The data and information provided by Wood Mackenzie should not be interpreted as advice or relied on for any purpose. To the fullest extent permitted by law, Wood Mackenzie accepts no responsibility for the use of this data and information. 3. Present Value of cash flows discounted at 10%. 4. Source: IMF 2021 Statistics.
2021 Highlights Page 10	<ol style="list-style-type: none"> 1. 2020 Supermajors' average carbon intensity (kg CO₂ e/boe) based on the published data reported by BP, ConocoPhillips and Eni. 2021 based on the latest published data by Eni who report their carbon intensity ratios on this basis.
Featured article Pages 12 and 13	<p>* Please note that the opinions expressed in this article are those of His Excellency Professor Yemi Osinbajo SAN, Vice President of the Federal Republic of Nigeria and Chairman of Niger Delta Power Holding Company. They do not purport to reflect the opinions of views of the Company.</p>
CEO Shareholder Letter Pages 14 to 19	<ol style="list-style-type: none"> 1. Source: World Bank: Global Economic Report. 2. Source: U.S. Energy Information Administration (EIA). 3. Source: 2021 annual reports and results announcements for BP, Chevron, ConocoPhillips, Eni, ExxonMobil, Royal Dutch Shell and Total. 4. Source: Bloomberg. 5. Source: UBS: Global Integrated Oil & Gas Analyser. 6. Forecasts based on Chad/Cameroon CPR, November 2021. Note: Savannah benefits economically from Acquisition Asset cash flow generation in FY 2021 and FY 2022, given the Transaction effective date of 1 January 2021. 7. Source: United Nations Human Development Report 2020, World Bank. 8. Source: Our World in Data based on BP & Shift Data Portal, Worldbank. Note, GDP per Capita is based on Purchasing Power Parity (PPP) in accordance with the World Bank International Comparison Program. 9. Source: BP Statistical Review of World Energy 2021. 10. Source: S&P Global IHS Markit, Energy & Natural Resources Research & Analysis. 11. Source: World Bank 2020.
Featured article Pages 20 and 23	<p>* Please note that the opinions expressed in this article are those of NJ Ayuk, Executive Chairman at African Energy Chamber, CEO of Centurion Law Group. They do not purport to reflect the opinions of views of the Company.</p> <ol style="list-style-type: none"> 1. Source: Statista, Natural gas reserves in Africa as of 2021. 2. Source: S&P Global 2021, Nigeria EU to consider 'all options' for increased LNG deliveries. 3. Source: Business Insider 2022, Europe's reliance on Russian gas imports has become a problem amid the Ukraine war. Now, it's looking to Africa for alternatives. 4. NS Energy Business 2021, Ajaokuta-Kaduna-Kano (AKK) Gas Pipeline. 5. Source: Afreximbank 2020, Afreximbank recognized for its role in promoting intra-African trade by the Africa-America Institute (AAI). 6. PwC 2021, Africa Energy Review 2021. 7. Foreign Policy 2022, Germany should Look to Africa for Gas, Not Russia. 8. Energy Chamber 2022, The State of African Energy 2022.

Section title	Footnotes
Business model Pages 24 and 25	<ol style="list-style-type: none"> 1. JP Morgan shareholder analysis 30 April 2022. 2. Includes investment in Nigeria during the period pre-acquisition of the Nigerian assets by Savannah. 3. Where payments to government refer to the period 2014–2021 they include payments to Nigeria during the period pre-acquisition of the Nigerian assets by Savannah.
Our Strategy and Key Performance Indicators Pages 28 and 29	<ol style="list-style-type: none"> 1. Based on the Nigeria CPR, prepared by CGG Services (UK) Ltd., December 2021.
Sustainability Review Pages 36 to 51	<ol style="list-style-type: none"> 1. Source: République Du Niger, Politique Pétrolière Nationale, December 2019.
Country review: Nigeria Pages 56 and 57	<ol style="list-style-type: none"> 1. Source: BP Statistical Review 2021. 2. Source: IMF 2021 Statistics, World Population Review 2022. 3. Source: Statistica 2021. 4. Source: IMF 2021 Statistics. 5. Source: OPEC Monthly Oil Market Report, March 2022. 6. Source: World Bank 2021. 7. Source: CIA World Fact Book 2021. 8. Source: Nigerian Electricity Regulatory Commission. 9. Source: World Bank 2022.
Country review: Niger Pages 60 and 61	<ol style="list-style-type: none"> 1. Source: Calculation based on European Investment Bank (EIB) Project Carbon Footprint Methodologies, Methodologies for the Assessment of Project GHG Emissions and Emission Variations, July 2020. 2. Source: IMF 2021 Statistics.
Financial review Pages 64 to 69	<ol style="list-style-type: none"> 1. Royalty is payable when gas is produced; the table makes allowance for the amount that would have been paid had the amount of gas represented by deferred revenue been delivered. 2. Net cash used in investing activities of US\$46.4 million (2020: US\$11.1 million) excludes US\$76.8 million (2020: US\$30.1 million) transferred to debt service accounts.
Board of Directors Pages 80 to 82	<ol style="list-style-type: none"> 1. External appointments are defined as those directorships taking a material amount of time.



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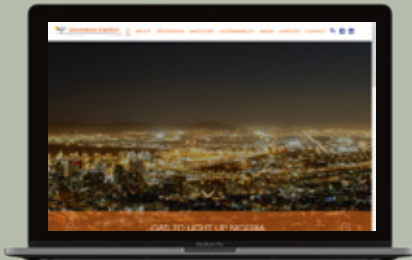
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