SAVANNAH ENERGY

Powering Sustainable Growth

Annual Report and Accounts 2019

About Us

Savannah Energy PLC ("Savannah" or the "Company") is a leading African-focused British independent energy company. We are listed on the AIM market of the London Stock Exchange. Our current operations are in Nigeria and Niger, where we are sustainably developing high-quality, high-growth projects in both countries.

In Nigeria, Savannah has a significant controlling interest in a large-scale integrated gas production and distribution business which is currently supplying gas to over 10% of Nigeria's power generation capacity and is significantly cash flow generative. In Niger, we have licence interests covering approximately 50% of the country's main petroleum basin, the Agadem Rift Basin in the south east of the country.[1] To date we have made five exploration discoveries from five attempts in Niger. We have plans in place to deliver first oil production and revenues over the course of 2020/21 and a bank of 146 exploration targets to consider drilling over the course of the coming years.

Our Vision

Our vision is to create a best-in-class energy company that we and our stakeholders are proud of.

Our Values

Our five core values of Excellence, Teamwork, Sustainability, Integrity and Entrepreneurialism 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.

About this report

Savannah Energy aims to produce an open and transparent Annual Report, which provides a clear portrayal of our strategy and activities. We strive to improve our reporting year-on-year and welcome stakeholder feedback at: ir@savannah-energy.com

1. Post year end, the Company 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 and that the R3 PSC area will continue as a stand-alone PSC area. Ratification of these changes is subject to Council of Minister approval and payment of the associated fee.

Welcome to the Savannah Energy Annual Report 2019

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Chief Executive Officer

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Chief Financial Officer

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At a Glance

A leading energy player in Nigeria and Niger

Two high-quality, high-growth business units in Nigeria and Niger

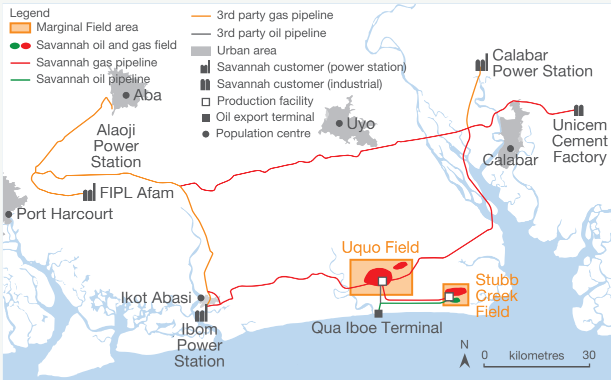
Currently supplying gas to over 10% of Nigeria's power generation capacity

In November 2019, Savannah completed the acquisition of interests in two large-scale onshore oil and gas fields located in South East Nigeria – Uquo and Stubb Creek – and a controlling interest in Accugas, South East Nigeria's leading gas processing and transportation business. These assets have been independently assessed to deliver average expected base case net asset free cash flows of approximately US$130 million p.a. for the period 2020-2023[1], primarily from fixed price gas contracts with no oil price linkage.

As at year end 2019, Uquo and Stubb Creek were estimated to contain net 2P reserves and 2C resources of 70.3 MMboe and 58.6 MMboe respectively, with associated 2019 production of 17.2 Kboepd. Gas produced from Uquo is processed and transported through Accugas' infrastructure, which includes a 200 MMscfpd processing facility and an approximately 260km pipeline network connecting Uquo to its end-user gas customers, including the Calabar and Ibom power stations and the Unicem cement factory. Currently, our gas supplies over 10% of Nigeria's available power generation capacity.

Today Accugas has considerable spare infrastructure capacity, which creates a significant growth opportunity for our South East Nigerian gas business through the addition of further new customers and upstream gas resources.

Savannah's operations in South East Nigeria

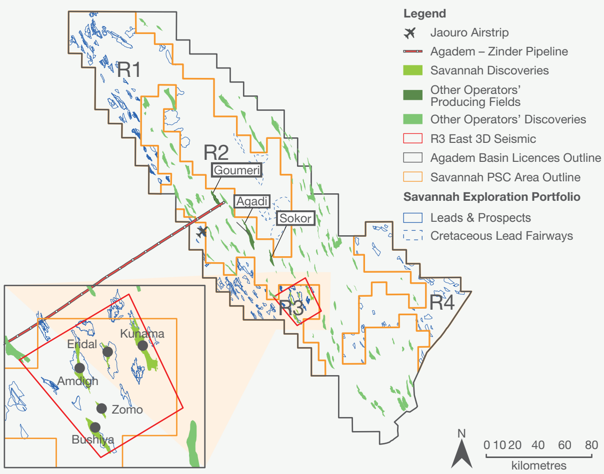


Approximately 50% of Niger's oil-prolific Agadem Rift Basin under licence[2]

Savannah's licence interests in Niger cover approximately 50% of the highly prospective 13,655km² Agadem Rift Basin in South East Niger.[2]

The Agadem Rift Basin is technically low risk (with an estimated 81% of historic exploration wells having proven successful), technically low cost (with an estimated finding cost of less than US$2/bbl) and benefits from significant existing and planned modern third party-owned "open access" oil infrastructure (with associated estimated construction costs of US$12 billion[3]). To date, Savannah has delivered a highly successful exploration campaign in Niger with five discoveries from five wells. Going forward, our focus in Niger is: (1) upon commercialising these discoveries through the installation of an Early Production Scheme which is expected to see initial potential Phase 1 production of up to 1.5 Kbopd delivered to the Zinder refinery in Niger, with potential Phase 2 production anticipated to increase this to around 5.0 Kbopd; and (2) the recommencement of exploration activities, with our company having a large bank of 146 potential exploration targets to consider for future drilling activity.

The Agadem Rift Basin and Savannah's licence interests



1. Average 2020-2023 expected net asset-level free cash flow generation, on a maintenance adjusted take-or-pay basis as assessed by the Company's Competent Person, CGG Services (UK) Ltd.
2. Post year end, the Company 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 and that the R3 PSC area will continue as a stand-alone PSC area. Ratification of these changes is subject to Council of Minister approval and the associated fee.

Investment Case

Delivering material long-term returns for all stakeholders

Board and management team with strong track record of sustainably growing and monetising energy projects

Nigeria	Niger	Corporate
Large, strategic gas business currently supplying gas to over 10% of Nigeria's available power generation capacity	100% exploration success rate with five discoveries from five wells drilled to date	Supportive, long-term oriented institutional and management shareholder base
Principal gas transportation and distribution network in South East Nigeria	Near term first production and cash flow from R3 East development expected within the next 18 months[4]	Focused on creating significant shared value and sustainable benefits for all stakeholders
Independently assessed average expected base case net asset free cash flows of approximately US$130 million p.a. 2020-2023[1]	Large acreage position with 146 exploration targets identified for future drilling consideration	Strong culture of governance and delivery
Existing infrastructure provides strong operational gearing for new long-term GSAs, given significant spare capacity and close proximity to undeveloped gas reserves	Planned 2,000km cross-border pipeline network funded by China National Petroleum Corporation and due for completion in 2022, increases potential export market	Strongly positioned to deliver further organic and inorganic high-value energy projects

3. Estimated capital cost of the China National Petroleum Corporation-operated Agadem PSC area announced upstream and midstream development projects.
4. Market and financial conditions permitting.

A transformative year and set for continued growth in Nigeria and Niger

"2019 marked a significant milestone in the evolution of our Company as we successfully completed the acquisition of the Nigerian Assets, which transformed Savannah into a highly cash-generative, full-cycle energy company, with earnings and cash flow substantially de-coupled from oil price risk."

Steve Jenkins
Chairman

I would like to welcome our shareholders to Savannah Energy's 2019 Annual Report. 2019 marked a significant milestone in the evolution of our Company as we successfully completed the acquisition of the Nigerian Assets, which transformed Savannah into a highly cash-generative, full-cycle energy company, with earnings and cash flow substantially de-coupled from oil price risk. We also made significant progress elsewhere across the business. Indeed, on 20 April 2020, post year end, we announced the change of name to Savannah Energy PLC to reflect the Company's increasingly diversified asset portfolio.

We benefited from the countries in which we operate continuing to provide stable political and fiscal frameworks for our operations during 2019. The signing of the Niger-Benin Export Pipeline Transportation Convention between China National Petroleum Corporation and the Republic of Niger in September 2019 also promises to be a game changer for Savannah, as the construction of the pipeline will provide the first large-scale export route for operators in the Agadem Rift Basin. It is also expected to transform Niger into a major oil and gas producer in the region.

In December 2019, we were pleased to appoint Antoine Richard as the Company's Chief Operating Officer ("COO"). Antoine has a significant amount of operational experience in the oil and gas sector and has played, and will continue to play, a pivotal role in helping us to integrate and optimise our Nigerian Assets and achieve first oil in Niger. I would like to thank David Clarkson for the significant contribution he made during his time as COO. David has since resumed his role as a Non-Executive Director, bringing a wealth of experience with him.

The Nigerian business has now been fully integrated and we are already delivering material production growth. We aim this year to expand our customer base and to increase utilisation of our infrastructure and, to this end, we have already signed a new gas sales agreement with a number of other agreements in the pipeline. In Niger, our ambition is to install an Early Production Scheme to achieve first oil flows from our discoveries over the next 18 months and to lay the groundwork to recommence further exploration drilling in-country.

Whilst 2019 saw oil prices remain relatively stable, with Brent crude averaging out at approximately US$64 per barrel across the year, the oil price decline, which started in March 2020, will likely have an impact on the industry for the duration of 2020. However, due to the robust fundamentals of our business and the fact that over 90% of our revenues are derived from fixed-price gas contracts, which have no oil price linkage, we are well-placed to manage the downturn and assess potential growth opportunities when compared to some of our peers.

“We are proud that we have continued to deliver first-class safety performance with no Lost Time Incidents or adverse environmental impact.”

The welfare of our workforce and their families, as well as our ability to maintain operations in the face of the global COVID-19 pandemic, is of critical importance to us. We have rigorous systems in place to manage, monitor and respond to this unprecedented situation. These systems set out protocols designed to instil vigilance in our offices, sites and operational areas within our direct control and when dealing with our contractors and suppliers. Our goal is to minimise the risks to our employees and our wider business as far as reasonably practicable. However, there may be short-term impacts on the supply chain and our planned work programmes while the longer-term impact on the global economy, Nigerian and Nigerien economies and the oil and gas industries is unknown. We continue to adapt as best we can, given the fast-moving nature of the situation. We shall continue to keep these under review and amend as appropriate as the situation continues to develop.

Achieving best-in-class levels of corporate governance at Savannah continues to be of paramount importance to the Company. We have assembled a first-rate Board and senior management team who have the necessary skills to continue to grow the business and deliver value for shareholders. We place particular emphasis on maintaining strong relationships with our key stakeholders, including our people, host governments, local communities, shareholders and lenders, as well as our customers, suppliers and strategic partners.

Our Nigeria and Niger teams have strong connections with our local communities and take a proactive approach to meet with community leaders to listen and understand concerns, to provide information on our activities and to make a positive social impact on our host communities. In both Nigeria and Niger, our senior management teams have strong links into the various regulatory bodies and seek to show Savannah's values as a respectful neighbour and valuable business partner.

This year we have also taken the measure of providing a sustainability review for the first time in our Annual Report. This demonstrates our commitment to maintaining the highest environmental, social and governance standards and, with the integration of the Nigerian workforce, we have established strong health, safety, security and environment values across the enlarged Group. We have commenced a review of our approach to sustainability performance reporting in 2020, with a view to harmonising and enhancing our approach across the enlarged Group.

Looking ahead, we remain very optimistic about the future of the business. The countries in which we operate both have enormous potential, and we are proud of the work we have done to date, exemplified by the fact that we are already supplying gas to over 10% of Nigeria's power generation capacity. We look forward to updating shareholders on developments such as new customers in Nigeria, both within the industrial and utilities sectors, and progress with the Nigerien project. We also remain nimble and opportunistic for inorganic growth opportunities that are likely to arise in the current economic and sector environment.

In finishing, I would like to thank all of Savannah's people in the enlarged Group for their continued hard work during the year, without which none of Savannah's achievements would have been possible. I would also like to thank our new and existing investors for their continued support, and we look forward to updating all our stakeholders on the Company's progress over the coming months.

Steve Jenkins
Chairman

18 August 2020

2019's successes create an exciting outlook for 2020 and beyond

"

We have acquired 130 MMboe of 2P reserves and 2C resources[1], together with a 200 MMscfpd gas processing facility and an extensive 260km pipeline network with significant spare capacity.

For FY 2020, we are guiding for the business to deliver:

- **Total Revenues[2] of greater than US$200 million;**
- **Gross production of 21 Kboepd to 23 Kboepd;**
- **Group administrative and operating costs[3] of US$68 million to US$72 million;**
- **Group depreciation, depletion and amortisation of US$43 million-US$45 million based on production guidance; and**
- **Capital expenditure of up to US$45 million."**

Andrew Knott
Chief Executive Officer

Dear fellow shareholders,

I would like to echo our Chairman's welcome to this, our sixth Annual Report as a listed company. I have divided this year's review into five sections. The first section is a re-cap of our journey as a listed company from a start-up exploration business in 2014 to a full-cycle energy company expected to report Total Revenues[2] in excess of US$200 million in 2020. The second section discusses the financial performance we expect to deliver in 2020. The third talks about potential growth opportunities for the business that we expect to pursue and their associated value creation potential over the course of 2020 and 2021. The fourth section looks at our approach to, and plans for, sustainability reporting and the hugely positive societal impact our projects in Nigeria and Niger are delivering. Lastly, the fifth section highlights the key insights provided by various internal and external contributors contained later in this report.

Our journey so far

Savannah was founded in July 2013 as an African-focused oil exploration company, listing on the AIM market of the London Stock Exchange in August 2014 as Savannah Petroleum PLC. In 2014 and 2015 we entered into two onshore Production Sharing Contracts ("PSCs") – R1/R2 and R3/R4 – in the Agadem Rift Basin ("ARB") region of South East Niger. We chose to focus our initial activities on the ARB as it is a well understood and technically low-risk petroleum basin; offers a low-cost operating environment; and benefits from large-scale "open access" planned third-party oil infrastructure and a well-established oil service industry. At the time of entry, we assessed the R1/R2/R3/R4 project as having the potential for hundreds of millions of barrels of oil to be commercialised in a foreign direct investment friendly country.

Since entering into the Niger PSCs, we have successfully conducted a series of extensive work programmes. This has included the acquisition and interpretation of new airborne geophysical (2014/15) and 3D seismic (2016/17) surveys, the construction of an extensive proprietary basin-wide subsurface model (2014 to date), the discovery of five oil fields (2018) and the submission of our initial field development plan to the Nigerien authorities (2019). The field development plan is expected to deliver first revenues from this project in 2021. I would also highlight that our work programmes have been delivered to budget, demonstrating the quality of our operational team and our focus on project execution.

It is important to note that since Savannah has been operating in Niger, the country's oil and gas industry has developed significantly. The other major in-country operator, China National Petroleum Corporation, commenced work in 2019 on an estimated US$7 billion upstream development and midstream pipeline project. We expect this new Niger-Benin pipeline to provide access to a significant new oil sales market for our crude, in addition to the existing domestic refinery, over the course of the coming years.

Turning to Nigeria, in November 2017 we announced the acquisition of a large package of onshore gas-focused upstream and midstream assets in South East Nigeria from the financially distressed vendor Seven Energy ("Seven''), in conjunction with our private equity partner African Infrastructure Investment Managers ("AIIM"). Accugas, the midstream business, supplies gas to over 10% of Nigeria's current power generation capacity and is the principal gas processing and distribution business in South East Nigeria. Accugas' asset base comprises a 260km pipeline network and 200 MMscfpd capacity Central Processing Facility (the "CPF"). The upstream assets we acquired supply gas to Accugas and comprise interests in two world-scale onshore oil and gas fields, Uquo and Stubb Creek, with combined remaining gross gas reserves and resources of approximately 1.1 Tscf[4].

Our initial focus was to reach an agreement with Seven's shareholder representative-dominated Board and with Seven's financial creditors. This inevitably took time given Seven's shareholders had invested approximately US$1 billion of equity in the business, but would ultimately receive no consideration in the transaction. From a financial stakeholder perspective, we had to separately negotiate with Seven's extensive creditor list which ultimately resulted in agreement being reached to reduce the debt balance assumed in the transaction from a gross US$1.07 billion to a gross US$532 million. We also achieved a significant simplification of the retained debt structure, while it is important to note that this debt remains recourse only to the acquired assets and not the wider Savannah Group.

Other key workstreams associated with the transaction saw us:

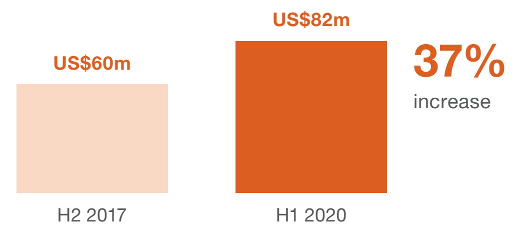
- acquire operatorship of the Accugas CPF from a third-party operator and restructure the Uquo Marginal Field Joint Operating Agreement to enable us to benefit from a 100% effective economic interest and operatorship over the gas project;
- acquire the remaining 37.5% ownership interest taking our interest to 100% in Universal Energy Resources, the company which held Seven's interest in the Stubb Creek field, from a group of 24 individual shareholders;
- issue an aggregate of US$148 million of new Savannah equity to a group of primarily institutional shareholders and the back-to-back sale of a 20% interest in the Uquo field and the Accugas midstream business to AIIM for US$54 million;
- obtain the required regulatory and governmental consents for the transaction; and
- secure a World Bank partial risk guarantee, backed by a JP Morgan letter of credit, for the Calabar Gas Sales Agreement to increase the level of Accugas' investment grade credit sales from 20% to 94%[5].

Completion of these necessarily complex workstreams has led to an outcome that is simple to understand. We have acquired 130 MMboe of 2P reserves and 2C resources[1], together with a 200 MMscfpd gas processing facility and an extensive 260km pipeline network with significant spare capacity, for an aggregate cost of approximately US$6/boe and which have been independently forecast to generate an annual average of US$130 million of asset level free cash flow for the period 2020-2023. Most importantly, we have achieved operating control[6] over all of these acquired assets.

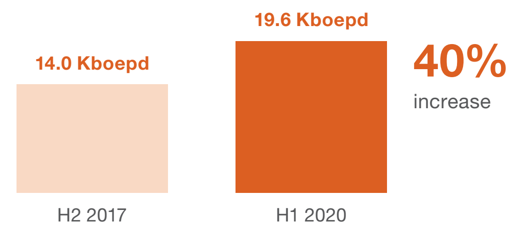
Since announcing the acquisition in November 2017, and having worked alongside the former Seven management team over the course of the past three years, substantial operational improvements in the assets have been delivered. Net production has increased from 14.0 Kboepd in H2 2017 to 19.6 Kboepd in H1 2020 (+40%), with cash collections increasing from US$60 million to US$82 million (+37%) over the same period. Over the course of 2019 operating costs[3] of the acquired Nigerian Assets averaged an impressively low US$3.7/boe. These are clearly significant achievements. Furthermore, we see strong potential for additional unit cost improvements over time as production levels ramp-up against our predominantly fixed-cost base.

That a business of Savannah's size was able to complete a transformational acquisition, such as this, whilst simultaneously restructuring the acquired business and driving through the significant operational improvements discussed above, speaks volumes as to the quality of people and industrial capability that we have within our business.

Cash collections



Net production



1. Nigeria Competent Person Report by CGG Services (UK) Ltd., December 2019.
2. Total Revenues refers to the total amount of invoiced sales expected to be recorded in relation to the FY 2020 accounting period. This number is seen by management as more accurately reflecting the underlying cash generation capacity of the business as opposed to revenue recognised in the Income Statement. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Income Statement is provided in the Financial Review section.
3. Operating costs are defined as total cost of sales less royalty and depletion, depreciation and amortisation.
4. Gross 2P reserves and 2C resources as per Nigeria Competent Person Report by CGG Services (UK) Ltd., December 2019.
5. Calculated by value on a maintenance adjusted take-or-pay basis.
6. We operate the CPF, pipelines and the Stubb Creek field. While Frontier Oil Ltd is the operator of record for the Uquo field, the Uquo Marginal Field Joint Operating Agreement was amended to give us a 100% economic interest in, and operational control over, the Uquo gas project.

Savannah Energy today

Savannah Petroleum PLC was renamed Savannah Energy PLC in April 2020. The name change reflects the journey our company has now completed to become a cash flow generative, full-cycle energy company. Throughout this journey we have retained a highly supportive long-term orientated, primarily institutional shareholder register. Further, we operate using a clear, unified and strong operating platform with a well-defined, performance-driven corporate culture.

Our combined reserve and resource base at year end 2019 was 163 MMboe and we are providing the following financial and operational guidance for FY 2020:

- Total Revenues[2] of greater than US$200 million;
- Gross production of 21 Kboepd to 23 Kboepd;
- Group administrative and operating costs[3] of US$68 million to US$72 million;
- Group depreciation, depletion and amortisation of US$43 million-US$45 million based on production guidance; and
- Capital expenditure of up to US$45 million.

Over 90% of our revenues are derived from fixed price gas contracts, which have no oil price linkage. We, therefore, have very limited near-term financial exposure to the oil price.

New growth opportunities

There are three principal areas of growth that Savannah is actively pursuing: increasing infrastructure capacity utilisation and average price realisation at Accugas; the delivery of first oil and the resumption of exploration drilling activity in Niger; and new business development opportunities that are cash flow, net asset value and future dividend capacity enhancing.

Infrastructure capacity utilisation and price optimisation at Accugas

The Accugas infrastructure comprises a 200 MMscfpd capacity CPF, which if successfully debottlenecked could see its capacity increased by an estimated 10-20%, and a 600 MMscfpd capacity pipeline network. This compares to the 2019 gas throughput of only 94 MMscfpd and maintenance adjusted 2020 take-or-pay[7] volumes of 141 MMscfpd.

Our gross upstream gas reserve and resource at year end 2019, all of which can be processed and distributed through this infrastructure, was 1.1 Tscf implying a reserves and resources life of 21 years on a maintenance adjusted take-or-pay volume basis[8].

Given the spare CPF capacity, a low-cost opportunity exists to increase utilisation of our existing infrastructure by targeting customers who are either connected, or located in close proximity to, our pipeline network. Further, it should be noted that the industrial gas price in Nigeria is typically significantly higher (approximately 50% to 150% dependent on location) than that paid by power stations, which creates a significant opportunity to increase our weighted average gas sales price over the course of the coming years. At the time of writing, Accugas is in discussions with multiple potential new customers, both industrial and power stations, and I expect this to result in the addition of further new gas sales agreements over the course of 2020/21. To "size the prize" we would estimate this opportunity to potentially represent more than US$40 million of incremental annualised free cash flow associated with new annualised take-or-pay cash receipts to Accugas. To put this in context, the Nigerian Assets have been assessed by the well-respected geo-technical consultancy CGG Services (UK) Ltd ("CGG") as being expected to generate US$130 million of near-term annualised cash flows, on a maintenance adjusted take-or-pay basis.

A substantial longer-term opportunity to potentially transport third-party gas through the Accugas pipeline network also exists. Given the likely third-party field development timelines involved, coupled with the current COVID-19 and oil price driven downturn in industrial activity and investment, I see this as a meaningful medium to longer term, as opposed to nearer term, opportunity. However, given that our pipeline network is the only network of its type in South East Nigeria, Accugas represents the most cost effective and likely only realistic option for third-party gas owners seeking a gas-to-power monetisation solution in the region. Moreover, for South East Nigeria to meaningfully industrialise, additional gas-to-power development appears to be essential, providing a strong long-term demand dynamic for Accugas' infrastructure. Similarly, there is a related opportunity of acquiring additional upstream gas resource in the region to develop and monetise through our dominant Accugas infrastructure also exists.


Stubb Creek Facility, Nigeria


Rig GW-215 during Savannah's Niger drilling campaign

"From a Savannah perspective, our business development efforts are now firmly focused around cash flow generative, and/or near-term cash flow generative assets which significantly enhance our ability to commence the payment of a progressive dividend to our shareholders."

Capitalising on Niger potential

We are seeking to progress our R3 East development to deliver first oil and to resume exploration drilling activity in 2021, subject to finalising the appropriate funding arrangements and the prevailing economic environment.

Our plan for the R3 East development is to first deliver up to 1.5 Kbopd in production from the existing Amdigh-1 and Eridal-1 wells and truck this 120km to the Goumeri Export Station, after which it would be transported 90km by the pipeline to the Zinder refinery. Successful delivery of the first phase would lead to a second phase of development which would see production potentially increasing to around 5.0 Kbopd and piped, rather than trucked, to the Goumeri Export Station. The planned gross 28 MMstb R3 East development has been estimated by CGG, as having a net present value ("NPV'') of US$132.8 million or US$5.8/bbl net to Savannah. We have estimated each additional 20 MMstb of resources to be tied into the R3 East development to increase the NPV by around US$100 million net to Savannah. CGG has assessed an economic break-even oil price of US$26/bbl for the entire R3 East Development.

We are also seeking to recommence ARB exploration activities in 2021. We view ARB exploration with reference to the basin-wide exploration results observed over the course of the past 12 years, whereby the average discovery has been around 30 MMstb of oil in place and 81% of the exploration wells drilled have been successful (i.e. 115 discoveries out of 142 wells).

We believe that, from a reasonably sized drilling campaign in our acreage, it would be reasonable to assume similar results to those seen in the past, a view shared by CGG in our 30 April 2020 Competent Person's Report who say: "the structural prospects in the Alternances we assessed are seen as carrying a low exploration risk profile (i.e. we see as carrying a similar risk profile to those drilled elsewhere in the basin to date)." Our next campaigns are likely to continue to focus on the R3 and R1 areas, where we have an extremely large inventory of potential drilling targets.

Regarding the financing of the Niger project, in 2019 and early 2020 we held discussions with a variety of large potential partners to introduce them to our PSC areas. However, the recent oil price decline and COVID-19 associated issues have resulted in this process being put on hold. The Company has therefore chosen to focus on reviewing ways in which the Niger project can be organically progressed.

We plan to update on the timing of our Niger project later in 2020.

New projects

Since Savannah became a listed company there have been significant changes in the financial market's attitude towards upstream oil and gas. In the decade prior to listing, upstream oil and gas companies, especially European upstream oil and gas companies, typically operated with business models focused on delivering long-term value through exploration successes, rather than a focus on short-term financial performance. This period coincided with a rise in the oil price from an average of US$38/bbl in 2004 to an average of US$99/bbl in 2014 and a relatively low cost of capital for the sector. The European E&P sector outperformed the FTSE All-Share Index by over 700% over this period and delivered many exploration successes. However, ultimately this "easy" access to capital led to inefficiencies with marginal projects being pursued and a number of potentially good projects disappointing financial investors due to material cost overruns and project execution delays.[9]

More recently the external environment has changed dramatically. The oil price has fallen from around US$100/bbl in 2014 to around US$40/bbl at the time of writing and averaged US$63/bbl in the period 2014-2020 versus US$95/bbl over 2008-2014. The European E&P sector has significantly underperformed the FTSE All-share Index. We have seen the increasing focus of both the upstream oil and gas industry and the North American financial markets on unconventional shale opportunities at the expense of conventional oil and gas opportunities.[9]

7. All of Accugas' gas sales agreements are structured as take-or-pay contracts, whereby customers agree to buy and pay for a minimum amount of gas over the course of a year, regardless of the amount of gas they physically take delivery of. This minimum amount is referred to as the maintenance adjusted take-or-pay volume for each contracts.
8. Based on current contracted volumes.
9. The source for all data in this paragraph is Bloomberg.

CEO's Review **continued**

New growth opportunities continued

New projects continued

We have also seen the increasing importance of the technology sector which now constitutes around 27% of the S&P 500 versus around 19% in 2014 at the expense of the oil and gas sector which now constitutes 3% of the S&P 500 versus 10% in 2014. Within the oil and gas industry, we have seen an increasing investor focus on scale, operational capability and financial sustainability. For example, there are just eight listed oil and gas companies in the FTSE-All Share O&G Index versus 18 companies when we listed, with BP & Shell now accounting for 98% of total market capitalisation versus 79% when we listed.[9]

We have seen self-sustaining, dividend paying companies as increasingly valued versus non-dividend payers (a reversal of the pre-2014 investor attitude). There is also increasing investor focus on environmental, social and governance ("ESG") issues and the associated trend towards larger energy companies increasing spend on renewable energy projects at the expense of conventional oil and gas projects, despite the latter having apparently higher investment returns. For a variety of reasons, we have seen a remarkable acceleration in major oil companies' divestment plans, in a push to high-grade portfolios and exit non-core areas, with many companies selling assets they would not have considered selling just two years ago. The last major trend to highlight has been the increased presence of private equity-backed companies, particularly in the OECD region, where private equity-backed companies are now amongst some of the largest owners of production assets in the UK North Sea.

These trends are set against global oil demand of close to 100 MMstb per day (about one third of the world's total energy demand) and a consensus view that this number will continue to grow over the course of the next 10 years[10]. On the supply-side, it would appear likely that the significant reduction in new project investments we have seen by the industry in the past 12 months will have significant impact over the course of the coming years. In other words, from a US$40/bbl oil price base, we expect a supportive macro environment for oil and gas projects in the coming years.

From a Savannah perspective, our business development efforts are now firmly focused around cash flow generative, and/or near-term cash flow generative assets which significantly enhance our ability to commence the payment of a progressive dividend to our shareholders. In this context, we see the net impact of the industrial trends I have outlined above as resulting in: a period of significantly reduced competition levels for such assets in our core Africa-focused area of operation; the expected return potential of such opportunities increasing significantly as a result; and a significant increase in the absolute number of such assets available for sale.

I believe Savannah is well positioned to potentially take advantage of this situation and that, in doing so, we have several competitive advantages versus many of our peers.

Firstly, we have a strong track record of operating, and transacting, in projects of host country strategic importance in Africa. We have an extremely experienced senior management team which has wide operational experience across the continent. This enables us to demonstrate our capabilities to vendors and regulators and to properly assess project risk and opportunity. Secondly, we have strong and supportive financing relationships. Our shareholder register is primarily comprised of long-term orientated financial investors. We have a significant corporate treasury capacity that already manages over US$500 million of well-structured debt facilities. We have long-held relationships, and have completed transactions with oil trading and energy-focused private equity firms. Thirdly, as a business, Savannah is very disciplined (note, it took us three years to identify the Nigerian Asset transaction). We have a clear focus on projects we would consider pursuing and the patience to wait for the right opportunity.

I believe that this places us in a strong position to source, execute and finance such dividend capacity enhancing transactions. This said, as ever with new business transactions, it is not possible to predict the exact timing or nature of the opportunities that we will potentially pursue. However, in the current period of financial distress and business model change faced by many oil and gas companies, I believe an abundance of robust, cash flow generative and high-quality assets will potentially become available for acquisition over the course of the next 12 months.

All the above said, it is important to stress that we have an extremely robust existing business with significant organic growth potential. We will focus our pursuit on new venture opportunities that enhance the unit value per share of our Company and our ability to commence significant dividend payments to our shareholders.

Sustainability is at the heart of what we do

Over the course of the past two years we have seen a significant increase in investor and media focus upon ESG matters and the societal impact and sustainability of companies' operations.

A significant part of our business, through Accugas, already operates in accordance with the International Finance Corporation's eight performance standards and the World Bank Group Environmental, Health & Safety Guidelines for the energy sector, more details of which are provided in the Sustainability Review section of the Annual Report on pages 48 to 65. In particular, our Accugas subsidiary already has an ongoing management, monitoring and reporting framework for environmental and social impacts, community development, stakeholder management and health and safety key performance indicators in accordance with the agreements between Accugas and its lenders in relation to our projects in Akwa Ibom and Cross River States in Nigeria. Furthermore, the International Development Agency of the World Bank, who provide us with credit support for our principal gas sales agreement to the Calabar Power Station, requires Accugas to provide biannual environmental and sustainability reports.

10. According to the International Energy Agency.

"The overall social economic contribution by Savannah subsidiary companies since 2014 amounted to a total of US$520 million and the investment in infrastructure and facilities in host countries amounted to US$1.6 billion[11]"

The completion of the integration of the Nigerian Assets is an opportune time for us to undertake a holistic review of our approach to monitoring and reporting sustainability, with a view to harmonising and enhancing our approach across the enlarged Group. This will include the development and implementation of a Group-wide ESG performance reporting framework in line with international industry best practice and related international sector guidelines, which we then intend to publish as part of an annual stand-alone sustainability review.

Our projects in both Nigeria and Niger make an overwhelmingly positive impact on the socio-economic development of both countries. In 2019 our direct socio-economic contributions in Nigeria and Niger amounted to approximately US$42 million, comprising payments to host governments, local suppliers and contractors, employee salaries and social impact investment in the local communities in which we operate.

Further, our Nigeria and Niger business units are delivering projects which are of material importance to our host countries and confer major societal benefits in these countries. In Nigeria we provide a stable and reliable supply of gas-to-power stations representing over 10% of the country's available power generation capacity. Additionally, Savannah, as one of only four energy companies currently operating in Niger, is poised to play a major role in developing the country's nascent energy sector, which could potentially increase Niger's gross domestic product by an estimated 24%[12] by 2025 as the country moves towards becoming a net exporter of hydrocarbons within the next few years.

Highlights of the Annual Report

As you read the rest of this Annual Report, readers will see the depth of information we have provided on our business, which comes in addition to the recent publication of the Supplementary Admission Document that we published in April 2020.

I would particularly draw our readers' attention to the Question and Answer sections we have published in the Annual Report this year with His Excellency Deacon Udom Emmanuel, the Governor of Akwa Ibom State in Nigeria; Boube Hamani, the General Director of Hydrocarbons, Niger Ministry of Petroleum; our Chief Operating Officer, Antoine Richard; our Chairman Nigeria, Dikko Ladan; and our Niger Managing Director, Yacine Wafy. I believe that these sections really serve to provide our readers with a good feel of what Savannah is doing and how we do it. The 'Meet Our People' highlight boxes contained throughout the Annual Report also showcase examples of the depth and quality of people we have within the enlarged Savannah Group.

Closing thoughts

I hope that this report gives shareholders a clear understanding of the quality of our business, the opportunities we face and a "feel" for what makes Savannah so uniquely positioned for the future. I would like to thank all of our stakeholders – the Savannah staff, our host countries and communities, governments, local authorities and regulators, our shareholders and lenders, and our customers, suppliers and partners for their work and support throughout the year and look forward to continue working with them.

Lastly, I think it is important to state that I am extremely optimistic for Savannah's future. As I outlined at the beginning of this review, our Company has achieved so much since formation seven years ago and I expect this progress to continue in the years to come. I strongly believe that this will ultimately be reflected in our Company's share price and that the initiation of shareholder returns will be key to this.

Andrew Knott
Chief Executive Officer

18 August 2020

11. Overall socio-economic contributions defined as payments to governments, local suppliers and contractors, and employee salaries during 2014-2019 and includes contributions to Nigeria during the period pre-acquisition of the Nigerian Assets by Savannah.
12. Source: Republique Du Niger, Politique Pétrolière Nationale, December 2018.

Savannah's vision and values

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

Our five core values of Excellence, Teamwork, Sustainability, Integrity and Entrepreneurialism 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.

1 Excellence	**We strive to be the best at what we do, and we ensure that appropriate resources are in place to enable delivery. Our performance-based compensation structure is transparent and measured on delivery. Our people are responsible and accountable for specific functions, projects and workstreams.**
2 Teamwork	**We believe that we accomplish much, much more when our people work together across functions and office locations in our matrix-function organisational structure. We put the success of Savannah ahead of personal successes.**
3 Sustainability	**We seek to deliver sustainable value for our stakeholders. Our business practices prioritise operating in a safe, compliant and environmentally and socially responsible manner. We believe in shared value creation.**
4 Integrity	**We value and expect effort, hard work, loyalty and commitment. The Savannah team is reliable, goes above and beyond to make things happen and takes pride in its work.**
5 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. We have appropriate processes and procedures in place to avoid activity and decision-making bottlenecks.**

What we do

We seek to enhance and ultimately realise sustainable value for stakeholders through the successful delivery of material energy projects

Resources and relationships

Investors

79%
Total shares outstanding held by top 20 investors

US$546m
Total debt being provided by a group of 12 lenders

Host countries and assets

2
Countries of operation

2
Producing fields

1
Central gas processing facility and 260km gas transportation and distribution network

5
Undeveloped discoveries

38 Kboepd
Facility production capacity

People[1]

203
Enlarged Group employees

How we create value from oil and gas assets

Explore/Discover

Through the acquisition of seismic, other geophysical data and detailed subsurface studies we build drilling prospect inventories. Through exploration drilling we find oil and gas to build reserves and resources to sell in the ground or develop for future production.

Develop/Produce

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

Our business model is underpinned by our entrepreneurial culture …

Savannah has an entrepreneurial and proactive culture; we aim to move quickly and take advantage of opportunities that arise and to react promptly to changes in our environment. This is accompanied by a focus on generating long-term value over short-term results. We are focused around acquiring and developing projects in the "Develop/Produce" and "Process/Transport" asset life cycle stage in Africa that enhance our unit cash flow generation and Net Asset Value and dividend capacity potential.

1. 203 includes 169 employees and 34 contractors.
2. Average 2020-2023 expected net asset-level free cash flow generation, on a maintenance adjusted take-or-pay basis as assessed by the Company's Competent Person, CGG Services (UK) Ltd.
3. Includes investment in Nigeria during the period pre-acquisition of the Nigerian Assets by Savannah.

Process/ Transport

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

Reinvest/ Distribute to shareholders

We prioritise production which will deliver stable and high-quality cash flows, derived from credit-worthy end customers.

We seek to grow opportunistically through the delivery of net asset value accretive projects and to deliver long-term returns to shareholders through capital discipline and project monetisation.

… and supported by our commitment to the highest standards of behaviour

We place health, safety and compliance at the core of our business practices. We hold ourselves accountable to internationally accepted standards of behaviour in these areas and demand the same standards from our partners and suppliers.

Value creation

Investors

Approximately US$130m[2]

p.a. net asset-level free cash flows 2020-2023

Shareholder distributions over time

Host countries and assets

US$1.6bn[3]

Total investment in Nigeria and Niger assets made since 2014

US$520m[4]

Total contributions to Nigeria and Niger since 2014

17.2 Kboepd

Average daily production in 2019

Supplied gas to >10%

of Nigeria's power generation capacity in 2019

People

100%[5]

Enlarged Group employees received training in 2019

4. Total contributions defined as payments to governments, employee salaries and payments to local suppliers and contractors 2014-2019 and includes contributions to Nigeria during the period pre-acquisition of the Nigerian Assets by Savannah.
5. Training completion number as at end of May 2020 following employees who were transitioned across post-acquisition of the Nigerian Assets.

See pages 16 and 17
Stakeholders and S172

Section 172 and our stakeholders

Engaging with our stakeholders is a fundamental part of how we do business

Section 172 Companies Act 2006

Section 172 of the Companies Act 2006 ("S172") requires directors to act in good faith and in a way that is most likely to promote the success of the Company for the benefit of its members. To this end, when making decisions, Directors must take into consideration the interests of Savannah's stakeholders and the consequences, and impact, of their decisions on all stakeholders. They should also have regard for maintaining high standards of business conduct and the fair treatment of members of the Company. This naturally supports the Company in achieving its strategic objectives and helps to ensure that all decisions are made in a responsible and sustainable manner.

In the adjacent table, we have identified and set out our key stakeholder groups, what the Board believes to be their material interests and how we engage with each group. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships. We also look at the material interests and requirements of our potential stakeholders. Engaging with our stakeholders and potential stakeholders on a regular basis means we can better understand the potential impact of our decisions on each stakeholder group and consider their needs and concerns, in accordance with S172 of the Companies Act 2006. This in turn ensures we continue to work effectively with our colleagues and contractors, make a positive contribution to the local communities in which we operate and achieve long-term sustainable returns for our investors.

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 pages 48 to 65.

Information on how the Board works and makes decisions can be found on page 78.

Our stakeholders

Our People

As of 31 December 2019, we employed 203 people across the Group, including 143 in our newly-acquired operations in Nigeria, 34 in Niger and 26 in our London head office. We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our business. Our employees embody our culture and are key in executing our strategy and ultimately delivering the long-term, sustainable success of the Company.

Our Host Countries and Communities

Our host countries are Nigeria and Niger located in West Africa. We work closely with the local communities in which we operate in both countries. In South East Nigeria we work with 252 local communities in Akwa Ibom State and Cross Rivers State. In Niger we work with 13 local communities in and around NGourti within the Diffa region, which is located in the extreme south-east of the country.

Governments, Local Authorities and Regulators

We engage with over 40 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.

Our Shareholders and Lenders

Our shareholders comprise both institutional and retail investors who are principally based in the UK and US. Our top 20 institutional shareholders account for nearly 80% of our shareholder base.

We have a group of 12 lenders at the Nigerian Asset level, comprised of Nigeria and UK-based banks and institutions, together with Orabank who provide a revolving loan facility to the Company in Niger.

Our Customers, Suppliers and Partners

Our customers in Nigeria include the Calabar National Integrated Power Project, the Unicem cement factory and Ibom Power. Over the course of 2020/21 we expect to supply to further potential new customers with whom we are currently engaging.

Our partners include: African Infrastructure Investment Managers, who hold a 20% interest in each of Accugas and Seven Uquo Gas Limited; and Sinopec International Petroleum Exploration and Production Company Nigeria Limited, our 49% partner in the Stubb Creek field. We export our crude oil and condensate via ExxonMobil Corporation's Qua Iboe oil export terminal in Nigeria. We work with a wide range of suppliers in Nigeria, Niger and the UK.

1. Includes payments in Nigeria during the period pre-acquisition of the Nigerian Assets by Savannah.

Identified material issues being that Savannah:	How we engage
• Treats all employees in a fair and transparent manner • Provides business appropriate training and career development opportunities • Maintains a healthy, safe and secure working environment • Retains its entrepreneurial and performance driven culture • Is a successful company which they are proud to be associated with • Provides opportunities for employees to share ideas for business improvements with senior management	We have an open, collaborative and inclusive management structure and engage regularly with our employees. We do this through an appraisal process, structured career conversations, regular town hall sessions, employee surveys, a new corporate intranet site, company presentations, away days and our training and well-being programme. In early 2020, we introduced a new functional matrix organisational structure for the enlarged Group with clear reporting lines and accountability. The new organisational chart is summarised on page 24.
• Delivers local and national economic benefits • Safeguards the environment • Minimises local disruption • Acts as a responsible neighbour and good corporate citizen	We engage with the local communities in which we operate via our social impact programmes in Nigeria and Niger and maintain our social licence to operate through ensuring that our policies regarding safety, environmental 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 potable 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 we use local suppliers and employ local people. We also liaise with local government bodies and select non-governmental organisations to enhance the positive impact we have on the communities and environment in which we operate.
• Interacts with these stakeholders in an appropriately open and transparent manner • Complies with all relevant local regulations • Operates in a healthy, safe and secure manner • Contributes towards national and local economic development	We take a constructive and positive approach to working with national and local authorities, as well as regulators, and seek to maintain constructive relationships with all. 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 were US$139 million.[1]
• Delivers robust long-term share price performance and adopts a strategy, culture and business model designed to enable this • Maintains, develops and appropriately incentivises human talent to deliver upon the above • Maintains appropriate operational, financial and sustainability reporting procedures • Operates within the agreed terms of its debt facilities • Has in place the policies and procedures to ensure internationally recognised practices are followed by our people and that local laws are complied with • Services its debt facilities in accordance with their terms	Through our investor relations programme, which includes regular updates, calls, meetings, investor roadshows and our Annual General Meeting, we ensure that shareholders' views are communicated to our Board and considered in our decision-making. Similarly, through regular engagement with our banks and lenders, we ensure that their views are taken into account and communicated to our Board and management as necessary. We have in place comprehensive policies and procedures to ensure compliance with international standards and local laws.
• Is a reliable business counterparty • Operates in a safe, secure and compliant manner • Is straight forward to engage with	We recognise that our customers, suppliers and strategic partners are crucial to our existence and we invest in our relationships with them to make Savannah a business partner of choice. Our senior management engages in regular meetings with our customers, strategic partners and suppliers. Savannah also participates in local industry events to establish and maintain relationships with suppliers and customers.

Delivering on our key objectives

Strategic objective	2019 KPIs
Deliver value in a safe and responsible manner	• Operate safely, within time and budget expectations and with no harm to people or the environment • Maintain social licence to operate
Deliver group financial guidance for 2020 (new strategic objective for 2020)	• Not applicable
Complete acquisition, integration and stabilisation of Seven Energy Assets	• Complete acquisition and integration of Seven Energy assets and skills • Ensure timely receipt of payment for gas deliveries • Secure new gas purchasers from Accugas
Deliver exploration success in Niger	• Finalise contractual and operational framework to enable further multi-well drilling campaign to commence

2019 performance	2020 KPIs
• Zero Lost Time Incidents during the year • Contributions to host countries totalled US$520 million[1] • 22 targeted social impact projects delivered in the communities in which we operate in Nigeria and Niger • Significantly enhanced the sustainability reporting	**Deliver value in a safe and responsible manner:** • Operate safely, within time and budget expectations and with no harm to the environment • Maintain social licence to operate
• Not applicable	**Deliver group financial guidance:** • Total Revenues[2] of greater than US$200 million • Group administrative and operating costs[3] of US$68 million to US$72 million • Group depreciation, depletion and amortisation of US$25 million fixed for infrastructure assets plus US$2.6/boe, i.e. US$43 million-US$45 million based on production guidance • Capital expenditure of up to US$45 million
• Acquisition of Seven Energy assets completed in November 2019 • Integration of the Seven Energy assets completed and new functional matrix organisational structure adopted across the enlarged Group post year end • FY 2019 cash collections from the Nigerian Assets were US$168.8 million versus US$128.7 million in FY 2018 • Post year end Accugas added its first new gas customer in over five years	• Not applicable
• Company has maintained operational and logistic bases to enable the commencement of our future exploration drilling campaign in Niger • Agreed with the Ministry of Petroleum that the R4 area, which was relinquished at the end of the initial Exclusive Exploitation Authorisation in accordance with the terms of the R3/R4 PSC, will be combined into a new R1/R2/R4 PSC[4]	**Deliver exploration success in Niger:** • Continue to maintain operational and logistic bases to enable the commencement of our future exploration drilling campaign in Niger which is intended to commence in 2021 • Ratification of the new R1/R2/R4 PSC

1. Total contributions defined as payments to governments, employee salaries and payments to local suppliers and contractors 2014-2019 and includes contributions to Nigeria during the period pre-acquisition of the Nigerian Assets by Savannah.
2. Total Revenues refers to the total amount of invoiced sales expected to be recorded in relation to the FY 2020 accounting period. This number is seen by management as more accurately reflecting the underlying cash generation capacity of the business as opposed to Revenue recognised in the Income Statement. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Income Statement is provided in the Financial Review section.
3. Operating costs are defined as total cost of sales less royalties and depletion, depreciation and amortisation.
4. Ratification of the new R1/R2/R4 PSC is subject to Council of Minister approval, and payment of the associated fee.

Delivering on our key objectives

Strategic objective	2019 KPIs
Pursue a focused organic and inorganic growth strategy	• Actively review >20 potential growth opportunities • Deliver at least one materially value-accretive growth opportunity (or a series of smaller opportunities which in aggregate are material)
Finance our business	• Ensure the availability of sufficient debt and equity capital to finance our business

Meet Our People

Name: Nick Beattie

Job title: Group Treasurer, UK

Role with Savannah: Nick works within Finance and is responsible for the Group Treasury function which includes managing all financing arrangements and bank relationships across the Group. Nick joined Savannah in 2019 from another AIM listed E&P company and has an extensive background in financing oil & gas companies including 7 years with BNP Paribas where he was a Managing Director in the Upstream Oil and Gas team in London and 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.

2019 performance

- Our business development team reviewed and signed non-disclosure agreements in relation to 21 potential growth opportunities in 2019. A number of these opportunities remain under review
- Completed acquisition of Seven Energy assets in Nigeria
- Post year end Accugas added its first new gas customer in over five years

- Completion of US$23 million equity raise in January 2019
- Renewed US$11.4 million revolving credit facility with Orabank in December 2019
- Successful sale of 20% interests in SUGL and Accugas to African Infrastructure Investment Managers, one of Africa's leading infrastructure investment firms, in return for a US$54 million cash consideration, implying a combined US$270 million valuation of those companies
- Significant deleveraging achieved since taking ownership of the Nigerian Assets, with US$40 million of the restructured debt taken on as part of the acquisition and the capital restructuring paid down post year end

2020 KPIs

Pursue a focused organic and inorganic growth strategy:

- Actively review >20 potential growth opportunities
- Deliver at least one materially value-accretive growth opportunity (or a series of smaller opportunities which in aggregate are material)
- Secure new gas customers for Accugas

Finance our business:

- Ensure the availability of sufficient debt and equity capital to finance our business

Meet Our People

Name: Ubong Okon Usoro

Job title: Production Superintendent, Nigeria

Role with Savannah: Ubong is responsible for managing the day-to-day operations and maintenance activities, including quality and HSSE compliance delivery, across all field locations in Nigeria and our 260km gas pipeline network. He manages the production of hydrocarbons to agreed quality and volume specifications, and manages the export to customers in accordance with company standards, policies and statutory requirements. Ubong is also responsible for the maintenance of asset integrity, both short and long term, with due regard to health, safety and the environment. He holds a B.Eng. (Petroleum and Gas Engineering) from the University of Port Harcourt.

Delivering on our key objectives

Strategic objective

Deliver cash flow and production from Niger

(2019 only)

2019 KPIs

- Successfully complete Amdigh-1 well test
- Submit R3 East field development plan ("FDP") and receive approval
- Deliver R3 East early production scheme in line with approved FDP timelines

Meet Our People

Name: Chukwudoziem Umunna

Job title: Production Superintendent, Nigeria

Role with Savannah: Doziem is responsible for co-ordinating the day-to-day operation and maintenance activities to deliver gas to our industrial and power sector customers in Nigeria in accordance with the Company's HSE and contractual obligations. He joined Accugas in November 2019 as an Electrical and Instrument Engineer and has over 11 years' experience in engineering design and construction activities. He also manages the company and third-party personnel whilst ensuring operations are carried out in a safe and cost-effective manner. He holds a B.Eng. in Electrical Engineering from University of Port Harcourt and is a COREN registered engineer.

2019 performance

- Progressed potential farm-out discussions however these were terminated post period end given issues associated with the oil price crash and COVID-19
- Submitted feasibility study to Ministry of Petroleum for planned Early Production Scheme ("EPS") and R3 East FDP in March 2019 and finalised contractual and operational framework for the R3 EPS
- Continued preparing for the testing and production phases
- Worked closely with the Minister of Petroleum and our various stakeholders to assess options for maximisation of value from our licences

2020 KPIs

Deliver increased cash flow and production from Nigerian Assets and from Niger:

- Significantly progress negotiations to fully contract the 200 MMscfpd Accugas Central Processing Facility by 2021
- Drill and complete an additional gas production well in the Uquo field
- Complete facility upgrades to increase production capability at Accugas up to 200 MMscfpd
- Significant progress on installation of EPS in R3 East in 2021, market conditions and financing permitting

Meet Our People

Name: Bachir Ibrahim

Job title: Head of Finance, Niger

Role with Savannah: Bachir is responsible for supervising financial accounting, treasury, tax and financial communications for our Niger operations. He also maintains external relations with banks, the tax authorities and auditors. He has more than 17 years of experience gained in various multinational companies working in the fields of oil and gas, mining, public works, civil engineering, logistics and transportation. He holds a Masters degree in Accounting-Control-Audit and a certificate in Upstream Petroleum Audit from the French Petroleum Institute, Paris.

Q&A with Antoine Richard

Chief Operating Officer

"Looking to the future, we remain strongly focused on delivering material growth in both of our core business units in Nigeria and Niger."

Antoine Richard
Chief Operating Officer

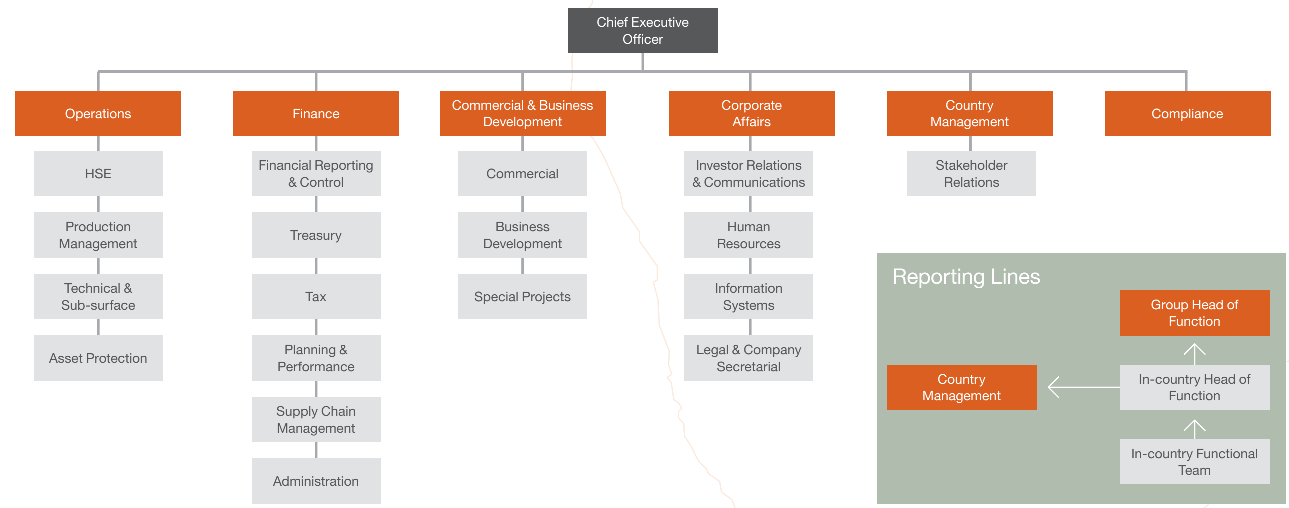
The acquisition of the Nigerian Assets in November 2019 was transformational for Savannah – how is the integration of the business going post-acquisition?

Operationally, we have not missed a beat and at the corporate level the integration process has now fully completed. We have achieved a seamless transfer of the operatorship of the Accugas midstream business from the previous third-party operator to Savannah. Furthermore, we also successfully took over the operatorship of the FUN Manifold crude gathering station from the previous operator in April this year for a period of three years, consequently increasing our operational control over the business.

In H1 2020, Accugas has ramped up gas supply to the Nigeria power sector by 35% in challenging times when industry-wide gas shortages increased by 33%[1]. Average gross daily production from the Nigerian Assets has increased 18% to 21.3 Kboepd, including a 22% rise in Uquo gas production to 113.5 MMscfpd (18.9 Kboepd) in H1 2020 compared to H1 2019. Post year end, in May 2020 we achieved a new all-time gas production record for the business, producing 177.0 MMscfpd (29.5 Kboepd), a combination of increased supply to our industrial customers and power station offtakers, close to our current contractual commitments of 189.4 MMscfpd (31.6 Kboepd).

In January 2020, we were delighted to sign up the FIPL Afam power plant as a new gas customer, representing the first new customer signed by the business in over five years. Meanwhile, at the corporate level, we fully integrated human resources and all information technology systems post year end. We have also successfully implemented a new functional matrix organisational structure across the Group, with direct reporting lines to increase accountability, drive greater efficiency and ensure prudent cost control measures are in place throughout the enlarged organisation. Overall, I am very pleased with the progress we have made to date.

New functional matrix organisational structure



You re-joined the Company as Chief Operating Officer in December 2019, having previously worked as VP Operations for Savannah from 2016-18. You have also worked for other independent and major oil and gas companies during your 25-year career in the industry. What are the key things that attracted you back to Savannah?

There were a number of factors that made me want to re-join Savannah as COO last year. I was attracted by the quality of the assets in Nigeria and Niger and the growth opportunities available to the business. Further, it is very important to me that the Company has a management team and culture to enable decisions to be made quickly. The ability to move at speed, whilst managing safe and reliable operations is, I believe, incredibly important to operating in the energy industry both today and in the future. For these reasons, combined with the high calibre of my colleagues, I was strongly attracted back to Savannah following the transformational acquisition of the Nigerian Assets. I believe Savannah is in a very good position to achieve the ambitious growth targets we have set ourselves.

As COO what are your main priorities for 2020?

My main priority is firmly focused around ensuring that we deliver our operations in a safe, compliant and efficient manner. In Nigeria, a particular focus is to ensure that we are able to meet customer demands for our gas at all times, particularly given the focus the business has on adding new customers over the course of 2020. To ensure this, I have made a series of major changes to the operational culture at the Uquo, Stubb Creek and Accugas facilities. Going forward, Savannah will focus on a new "make it ourselves" strategy, drawing on our highly-skilled workforce to ensure better control over our assets and significantly reducing costs.

In Niger, achieving the delivery of first oil from the Amdigh and Eridal fields, and the re-commencement of exploration drilling activity, remains a key strategic priority for us within the next 18 months.

What is the growth potential of the Upstream assets in Nigeria and Niger?

In Nigeria, we are well positioned with our current assets not just to meet increased gas demand on the surface side but also on the subsurface side. At Uquo, we have a prospect portfolio aggregating 579 Bscf of unrisked prospective resources, with many prospects supported by direct hydrocarbon indicators and therefore being relatively low risk. In an effort to further de-risk our portfolio and plan for future drilling campaigns, the reprocessing of the Uquo 3D seismic survey was completed in June 2020 and will be interpreted by our in-house subsurface team.

At Stubb Creek, we also have a significant potential with 515 Bscf of 2C Contingent Resources, with the gas volumes being clearly defined by their seismic amplitude signature on 3D seismic data.

In Niger, the R3 PSC Area where our discoveries were made, still offers low-risk exploration opportunities in the Alternances play while prospects have also been identified in the deeper Upper Yogou Cretaceous play. With this, Savannah has the opportunity to grow its reserves' base in this strategic area in close proximity to the Goumeri export station and future route of the Niger-Benin pipeline.

What are the main operational challenges that the business faces to deliver its targets?

The surface facilities and well stock we have acquired in Nigeria are relatively new and modern. This puts us in a favourable position to maintain our good operational performance and to grow our business going forward. While the seasonality of the environment in which we operate can be challenging at times, we have people of experience that have the "know-how" to plan activities accordingly across our assets and large pipeline network. In Niger, we have already established an excellent track record by delivering both a seismic acquisition survey and drilling campaign safely and under budget.

What also plays in our favour, is that the operations we are running do not require advanced or unconventional technologies. For instance, for our next drilling in Nigeria or future Niger development project, most of the equipment is readily available, with contractors in-country to conduct the work.

One challenge we are always asked about is safety and security. As a company we manage all our operations in a safe, secure and environmentally sustainable manner while also fully engaging with the host communities. The fact that we have not suffered any loss of production due to safety and security issues speaks for itself. We are also proud of our track record in HSSE protocol, with no Lost Time Incidents occurring in 2019.

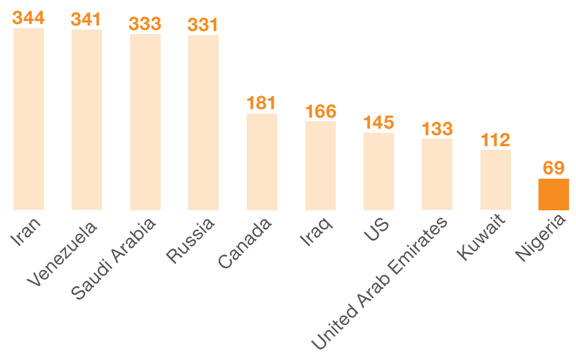
COVID-19 was unexpected for all of us and has brought its own challenges. Travelling and logistics are the areas where we have seen the main impact. In these circumstances, it has been critical to engage ever more closely with all our suppliers and contractors and to plan forward. However, one positive aspect is that we have been able to rely on our experienced and skilled workforce in these challenging times.

1. Source: Daily National Control Centre report from the Transmission Company of Nigeria.

Prolific resources and a well-established oil and gas industry

Nigeria is estimated to hold approximately 190 Tscf of proved natural gas reserves, making it the tenth largest gas reserve holder in the world and the largest in Africa[1]. Nigeria has proven oil reserves of approximately 37.0 billion, ranking as the second largest in Africa and the tenth largest in the world[1]. In 2019 Nigeria produced on average 2.11 MMbopd[1], making it the largest oil producer in Africa, with substantially all production coming from the Niger Delta region. 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. 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.

Nigeria ranks 10th globally in terms of total oil and gas reserves (billion barrels of oil equivalent)[1]



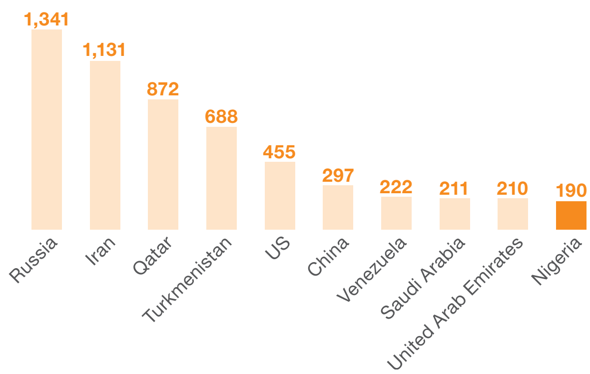
Meet Our People

Name: Funmilola Ogunmekan

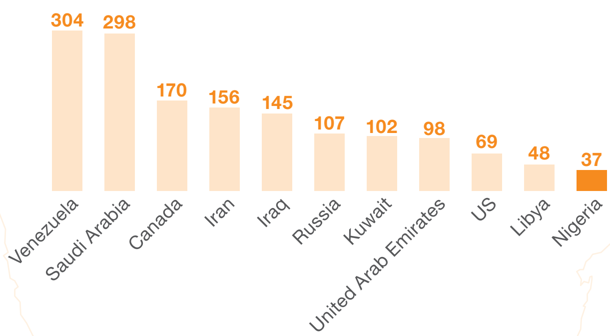
Job title: Head of Finance, Nigeria

Role with Savannah: Funmi is responsible for the finance function in Nigeria, spanning Accugas, SUGL and Universal Energy Resources. Funmi joined Savannah following a long career in corporate banking in Nigeria, where she was involved in the majority of large banking facilities for the Nigerian energy market. As Head of Finance, Funmi has responsibility for Savannah's finance function in Nigeria. She has a B.A in Economics from the University of Kent, UK, and an MSC in Energy Economics & Policy from the University of Surrey, UK.

Nigeria ranks 10th globally in terms of total gas reserves (Tscf)[1]



Nigeria ranks 11th globally in terms of total oil reserves (billion barrels)[1]



Nigeria key statistics

201m population[2]

US$397bn GDP[2]

2.6% GDP growth[2]

US$2,027 GDP per capita[2]

Gas production and development

Nigeria has 190 Tscf of proved gas reserves, yet only produces 4.9 Bscfpd[1], the majority of which is exported as LNG. 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 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 basis. This lack of infrastructure discourages development of gas fields due to the high cost of building pipelines and the lack of availability 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.

Economic growth and gas demand

Nigeria ranks as sub-Saharan Africa's largest economy. It relies heavily on oil as its main source of foreign exchange earnings and government revenues, with crude oil and gas accounting for an estimated 90% of total export earnings and more than 50% of fiscal revenues. The Nigerian economy grew by 1.87% year-on-year (in real terms) in the first quarter of 2020 with the oil sector accounting for approximately 9.5% of GDP in the quarter[3,4].

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. The National Gas Policy and Power Sector Recovery Programme of the Federal Government were designed to develop power infrastructure and support economic growth, ultimately Increasing gas demand.

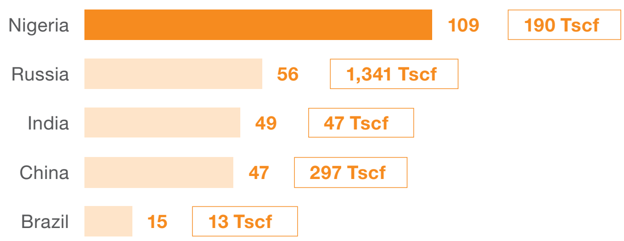
Meet Our People

Name: Oge Peters

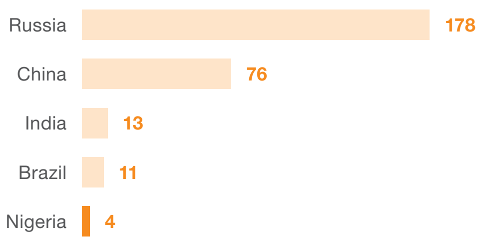
Job title: Head of Commercial, Nigeria

Role with Savannah: Oge is responsible for heading the commercial function in Nigeria. He has been instrumental in the project development, financing and commercial activities required to build the Accugas business in Nigeria. He helped to secure the project financing facilities to fund the construction of both the Uquo gas processing facility and delivery pipeline infrastructure for gas supply to thermal power generation plants. He was also primarily responsible for securing the first effective World Bank Partial Risk Guarantee for gas supply in Nigeria in connection with the Calabar NIPP power plant. He has over 15 years of experience in the oil and gas and asset management industries. Oge holds an MBA from INSEAD and a BEng in Information Systems Engineering from Imperial College London, UK. He also holds the Energy Risk Professional certification.

Gas reserves/production ratio (years)[1]



Gas pipelines ('000 km)[3]



1. Source: BP Statistical Review, 2020.
2. Source: World Development Indicators by World Bank.
3. Source: CIA World Factbook.
4. Source: National Bureau of Statistics – Nigerian GDP Report Q1 2020.

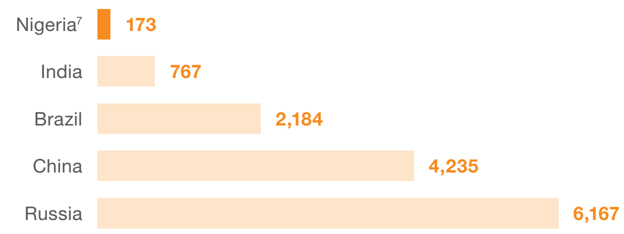
A significant gas to power market opportunity

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. The National Gas Policy, which was approved in June 2017, seeks to reposition Nigeria as an attractive gas-based industrialised nation and is geared towards harnessing Nigeria's vast gas resources. Nigeria has one of the lowest rates of electricity generation capacity per capita in the world, according to the Federal Government's Power Sector Recovery Program Report of April 2017. Nigeria has a population of approximately 201 million[1] people with an installed power generation capacity of 12,522MW[2], but only approximately 31%[1] of this capacity is operational due to gas supply constraints and other operational issues in the power sector. Approximately 85%[1] of installed capacity is from 22 gas-thermal power plants and the remainder is hydro-electric. The young population is growing at a rate of 2.5% per annum and is forecast to reach 392 million people in 2050[3], becoming the world's fourth most populous country. The population is urbanising rapidly and is already suffering chronic electricity shortages. Based on the country's GDP and global trends, electricity consumption could be expected to be four to five times higher than it is today. Approximately half of the population has no access to grid-connected electricity and those who are connected suffer extensive power outages. At present, the domestic and industrial demand for electricity is satisfied through an estimated 8 GW-14 GW generated by decentralised diesel generators, which are expensive to run and far more polluting than grid-based gas-fired power stations.

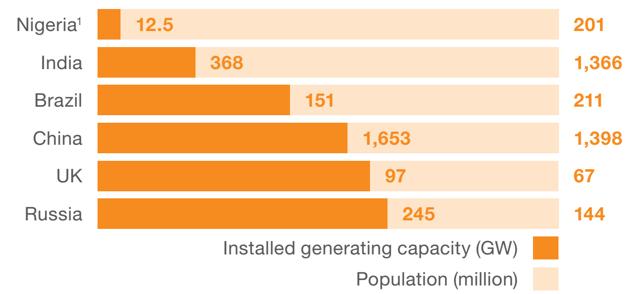
Nigeria's growing economy requires a reliable and affordable power supply. The development of gas for use in power generation and industry is expected to create multiple benefits for all stakeholders, including:

- gas is a cleaner fuel than other hydrocarbons and is an abundant under-exploited local resource;
- gas is a cheaper source of fuel than diesel, almost all of which is imported;
- as the gas pipeline system is developed, so the economic and logistical issues in transporting gas from producers to consumers will ease, thus encouraging further consumers to switch to gas, in turn leading to development of gas resources for gas-to-power and industrial customers;
- Nigeria is actively promoting the reduction of flaring with some success, in particular through the ongoing Nigerian Gas Flare Commercialisation Programme, however the lack of gas infrastructure in country results in some 0.7 Bscfpd of gas still being flared;
- reliable power will mean more jobs can be created; and
- the urbanising population is leading to a growing demand for cement and steel; both of these industries are highly energy intensive.

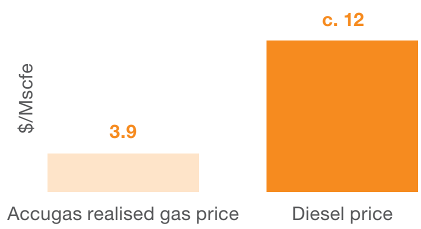
Electricity power consumption (KWh per capita)[4,5]



Power capacity vs population[4,5]

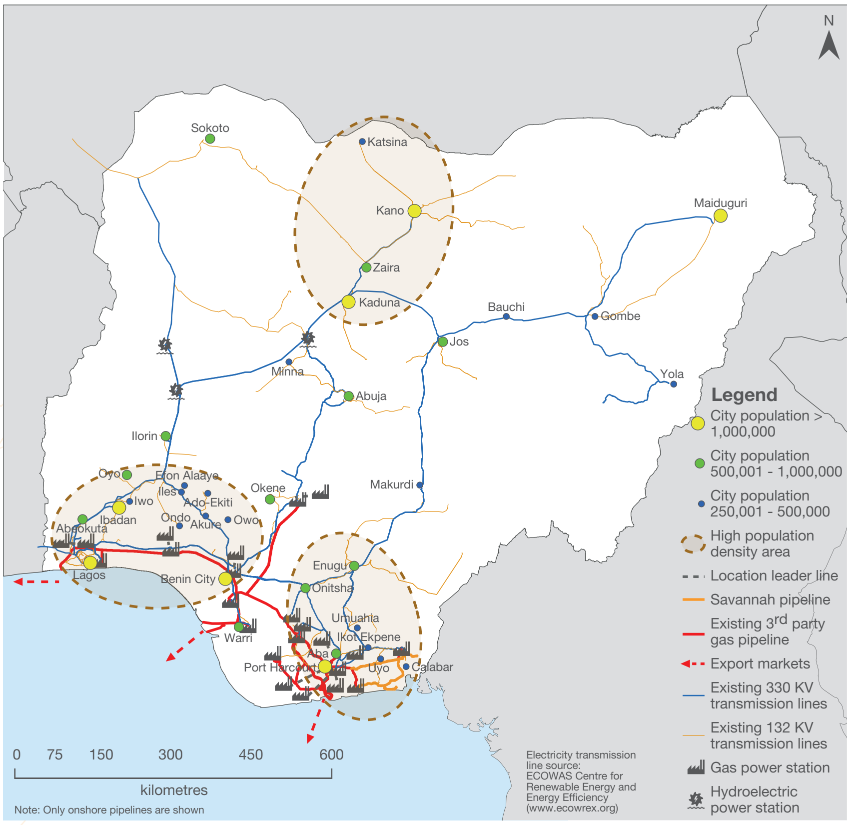


Compelling switching economics ($/Mscfe)[6]



1. World Development Indicators.
2. Nigerian Grid Transmission Study.
3. The World Bank – Population estimates and projections.
4. Source: World Bank.
5. CIA World Factbook, World Bank.
6. https://allafrica.com/stories/202008050565.html.

Map of Nigeria showing gas demand and infrastructure



Domestic gas demand

- Nigeria has a fast-growing and urbanising population of approximately 201 million with amongst the lowest grid-based power generation per capita in the world.
- Nigeria is dependent on higher-cost diesel-fired generation to maintain consistent electricity supply for homes and offices.
- All the gas-fired power stations are located in the gas-rich south-eastern Niger Delta region or in close proximity to existing gas distribution infrastructure in south-western Nigeria.

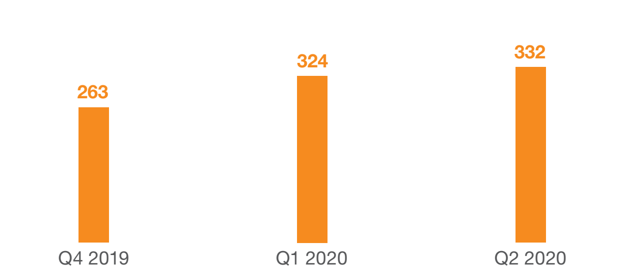
Accugas gas supply

- Accugas has a dominant position in the extreme south-east of Nigeria with a gas pipeline network of 260km, installed to supply gas to the domestic market.
- Accugas has established a reputation as a reliable supplier with a track record of meeting 100% of all customer nominations since its first gas delivery in 2014.
- Nigeria has 190 Tscf of proved natural gas reserves, of which it is estimated that in excess of 10 Tscf is within economic tie-in proximity of Accugas's pipeline network.

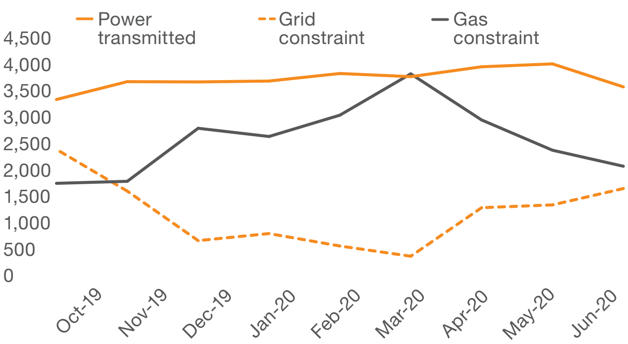
The majority of gas produced in Nigeria is considered associated gas, a by-product of oil production. In contrast, Savannah produces non-associated gas whose production is not impacted by oil production factors.

As a consequence in the post-period low oil price environment when other domestic producers have reduced gas supply for power in line with their reduced oil production, Savannah has been one of the few producers who have been able to step up gas supply to help to meet Nigeria's power generation needs. On average, Accugas currently provides gas to power stations with generating capacity of 675MW, which are currently providing 10% of Nigeria's power generation.

Accugas gas-to-power performance under Savannah's ownership[7] (average quarterly power generation (MW))



Average monthly grid generation capacity and gas shortage during Savannah's ownership[7] (MW)



7. Source: Daily generation broadcast by the National Control Centre – an arm of the Transmission Company of Nigeria.

Strongly positioned to deliver future growth

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.

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 reserves of 496 Bscf, 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 Iboe terminal. The remaining 20% economic interest in the Uquo Field is held by African Infrastructure Investment Managers ("AIIM"), a leading African-focused private equity firm.

In 2019 gas production from the Uquo Field averaged 88 MMscfpd with a peak daily production of 140 MMscfpd and cumulative production of 143.5 Bscf of gas (to 31 December 2019) since first gas in Q4 2013.

Accugas

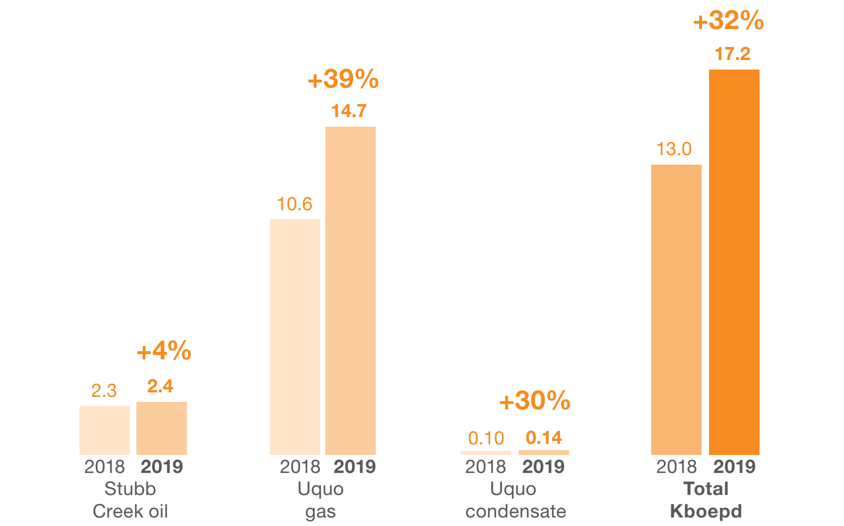
Savannah's Accugas midstream business focuses on the marketing, processing, distribution and sale of gas to the Nigerian market. Savannah holds an 80% interest in Accugas, with the remaining 20% held by AIIM. Accugas receives gas from Uquo at its 200 MMscfpd processing facility, where the gas is treated and then onward transported through its 260km pipeline network. Gas is currently sold to three main customers under long-term gas sales agreements ("GSAs") at a weighted average price of US$3.9/Mscf for 2020 which is expected to increase by an average of 6% per annum over the next six years. The GSAs are all "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 151 MMscfpd in aggregate before taking into account an allowable downtime for maintenance).

The three gas sales agreements are:

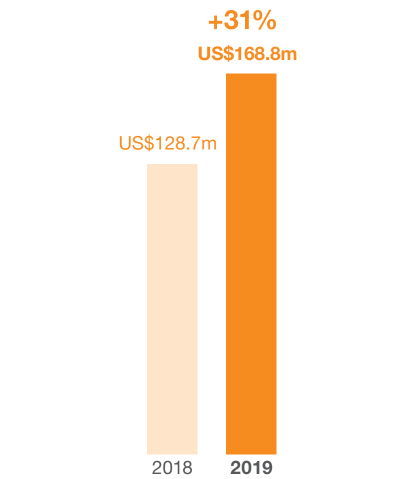
- a GSA to supply Calabar Electricity Generation Company Ltd, which owns and operates the Calabar power station, with 131 MMscfpd of gas for a 20-year period which ends in September 2037, with a take-or-pay commitment of 80% of the contracted volume. This GSA benefits from a World Bank supported US$112 million Partial Risk Guarantee which guarantees payment to Accugas for gas supplied. The Calabar power station has installed capacity of 560MW;
- a GSA to supply Unicem, a wholly-owned subsidiary of Lafarge Holcim, 39 MMscfpd of gas to its cement plant in Cross River State, Nigeria. The 20-year contract, with 80% take-or-pay commitment, ends in January 2032. Unicem's commitments under the contract are guaranteed to a value of NGN1.45 billion (approximately US$4 million) by a bank guarantee issued by Standard Chartered Bank Nigeria; and
- 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 2024 with a take-or-pay commitment of 80% of the contracted volume. The Ibom power station has an installed capacity of 190MW and is owned by the Akwa Ibom State of Nigeria.

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 offtakers in the Calabar, Port Harcourt, Aba and Uyo areas.

2019 average daily gross production (Kboepd)



Cash collections



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 diesel-fuelled generation.

Post 2019 year end, Savannah signed a new gas sales agreement with FIPL in relation to the provision of gas to FIPL Afam. FIPL is an affiliate company of Sahara Group, a leading international energy and infrastructure conglomerate with operations in over 42 countries across Africa, the Middle East, Europe and Asia. FIPL Afam has a current power generation capacity of 180MW.

The FIPL GSA envisages the supply of gas (produced by Uquo, with a maximum daily nominated quantity of 35 MMscfpd or approximately 5.8 Kboepd) by Accugas to FIPL Afam in order to augment its existing gas supply on an interruptible basis for an initial term of one year with the ability to extend upon mutual agreement.

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 Bscf gross 2C) undeveloped, non-associated gas resource. Commercial production started in 2015, and 3.8 MMstb have been produced to date (to 31 December 2019). Gross remaining 2P reserves are 15.3 MMstb, of which 3.7 MMstb are attributable to Savannah's interest.

Oil produced at Stubb Creek is processed through production facilities which have a capacity of c. 3.0 Kbopd and is exported to ExxonMobil's Qua Iboe terminal via a 25km pipeline. It is expected that the existing Stubb Creek Early Production Facility will be debottlenecked in 2021 to increase oil production capacity to c. 5.0 Kbopd. Development of the contingent gas resources at Stubb Creek is anticipated to begin in 2030 as the Uquo field comes off plateau to meet Accugas' contracted gas sales volumes.

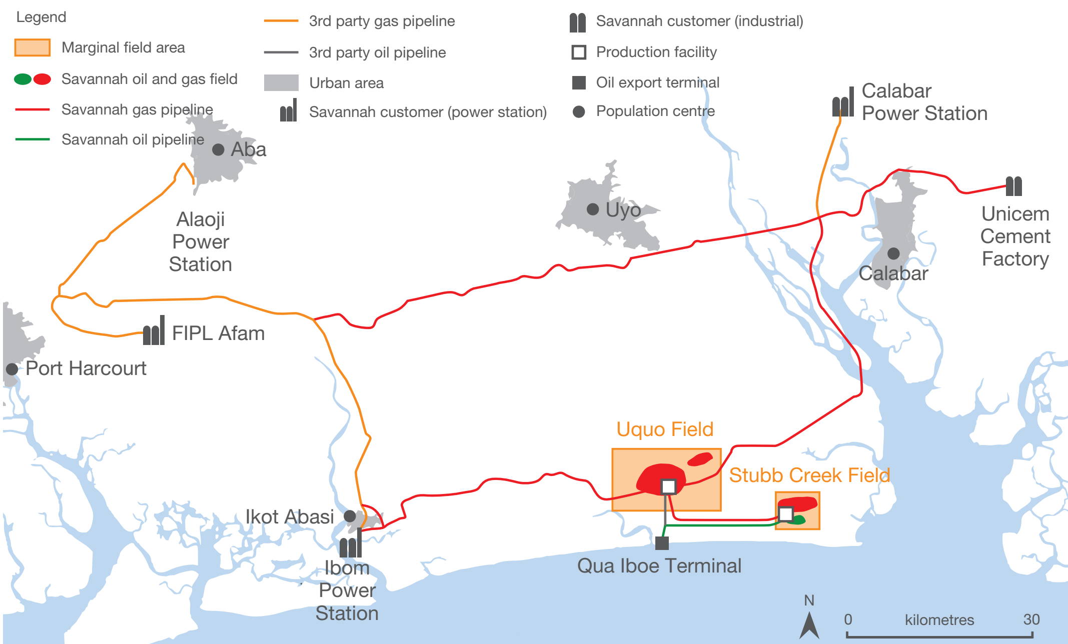
Of the average daily amount of 1.98 MMscfpd of gas produced at Stubb Creek, approximately 60%, or an average daily amount of 1.22 MMscfpd, is exported to the Uquo Central Processing Facility, with the balance flared. We are working on a project to improve the performance and efficiency of the gas compressor at Stubb Creek with a view to reducing or completely eliminating future flaring.

Reserves and production

Average full-year gross production in 2019 was 88.1 MMscfpd of gas and 136 bpd of condensate from the Uquo field. Gross production averaged 2.4 Kbopd from the Stubb Creek field over the same period. Average gross daily production from the Nigerian Assets for 2019 rose 32% to 17.2 Kboepd from 13.0 Kboepd for 2018.

A Competent Person's Report for the Nigeria Assets was compiled by CGG Services (UK) Ltd which certified 2P reserves and 2C resources (subject to an adjustment for produced volumes), with gross and net 2P reserves of 99.6 MMboe and 70.3 MMboe respectively, and gross and net 2C resources of 98.0 MMboe and 58.6 MMboe respectively.

Savannah's operations in South East Nigeria



Q&A with the Governor's Office, Akwa Ibom State

His Excellency Deacon Udom Emmanuel, Governor of Akwa Ibom State, Nigeria, with Andrew Knott, CEO of Savannah Energy, February 2020

What makes Akwa Ibom State an attractive region for international investment and how does the State Government support international companies operating in the state?

Akwa Ibom State is historically known to be a peaceful and progressive state. Our people are industrious and hospitable, while the state is endowed with abundant natural resources, including significant hydrocarbons, as well as fertile lands for agriculture and clement weather. Our state is also a popular tourist destination offering a rich cultural heritage and world-class hotels.

Akwa Ibom benefits from an enduring vision to be an industrial hub and is already home to several large corporations, including VKS Group, Metering Solutions, Manufacturing Services, and oil and gas companies, such as Savannah Energy and ExxonMobil. Akwa Ibom provides a conducive business environment for companies investing in the state. In 2017, for instance, the National Bureau of Statistics classified Akwa Ibom as one of the most investor-friendly states in Nigeria. Various international industries have been established in the state in recent years due to the ease of doing business here, including the infrastructure which is already in place to facilitate growth. For example, as the owner of Ibom Air, Akwa Ibom State is the only state in Nigeria with its own commercial airline. We are also very proud of the fact that Ibom Air is the most punctual airline in Nigeria.

How important is Ibom Power to the economic vision of Akwa Ibom State?

The economic growth and industrial development of the state is underpinned by the Ibom thermal power plant, which, with an installed capacity of 190MW, has the ability to provide uninterrupted power to meet the energy demands of the entire state. Commissioned in 2007, the plant was built in order to exploit and leverage off Akwa Ibom's considerable onshore gas resources.

Through its ability to provide a reliable supply of power for industry and business, the Ibom power plant is critical to our vision of making Akwa Ibom State a target destination for international investment and development.

How do you regard Savannah Energy as a partner for Akwa Ibom State?

Savannah Energy's Accugas subsidiary is the sole supplier of gas to the Ibom power plant. Savannah provides an integrated solution sourcing gas from its Uquo non-associated gas field in Eket, processing it through its Accugas Central Processing Facility, and then safely and securely delivering it through its dedicated pipeline infrastructure directly to the plant. To date, Savannah's subsidiaries have invested over US$1.2 billion in its infrastructure facilities in Akwa Ibom State.

Savannah is now a major local employer in Akwa Ibom State and is also an important contributor in terms of local content and social impact investment in our local communities, investing in a range of economic, educational, infrastructure and health projects which have helped to improve local living conditions.

We, therefore, view Savannah as a strong partner for Akwa Ibom and look forward to working on new projects with them over the coming years.

What is your vision of the future relationship between Savannah Energy and Akwa Ibom State?

The relationship between Savannah Energy and Akwa Ibom is an enduring one. We expect Savannah to continue to expand its operations in the state, which will create future opportunities for local employment, economic growth and sustainable investment. As the power situation gradually improves in the state and Savannah expands gas supply to new industrial clusters and our planned Ibaka deep-sea port, we hope many more international investors and industries will be attracted to Akwa Ibom State.

In fact, Savannah serves as an excellent example of a good investor and partner for Akwa Ibom State and, as such, we believe offers a template for attracting further investors to the state.

How important is the oil and gas industry to the development of Akwa Ibom State?

The oil and gas industry is by far the largest industry in Nigeria. Akwa Ibom is the leading producing state of crude oil and natural gas in Nigeria and, as such, the industry is very important to our state's economy. Aside the revenue paid to the State Government, the industry provides employment, both directly and indirectly, to thousands of people from the state. Within the value chain, for example, there are many qualified contractors and vendors from Akwa Ibom State who provide various support services to the industry. Therefore, the State Government aims to provide as much support as it can to all oil and gas companies operating in Akwa Ibom State, for the good of our people and investors.

Akwa Ibom State infrastructure


Ibom Independent Power Plant, Ikot Abasi


Kings Flour Mill, Onna

The fleet of Ibom Air


Ibom Hotel and Golf Resort

Q&A with Dikko Ladan

Chairman of Savannah Nigeria

"We are very focused on adding new Accugas customers this year, both industrial users and power stations, with the aim of fully contracting the 200 MMscfpd of capacity at the CPF by the end of 2020."

Dikko Ladan
Chairman, Nigeria

Now that Savannah has completed the acquisition of the Seven Energy assets, how do you see the future of the business evolving in Nigeria?

The acquisition of the Seven Energy assets last November has established Savannah as a key player in the Nigerian oil and gas industry, and by association, the country's power sector, since our gas currently supplies over 10% of Nigeria's power generation. In Nigeria we are predominantly a gas producer, with some 85% of our 17.2 Kboepd average gross daily production in 2019 attributable to gas production. We have already demonstrated our ability to deliver strong production numbers since taking over ownership whilst also carefully managing costs. We are particularly focused on driving customer growth at our Accugas midstream gas business, which comprises the Uquo Central Processing Facility ("CPF") and a 260km pipeline network, the principal gas transportation and distribution network in South East Nigeria. With a further 10 Tscf of gas resources within tie-in radius of our pipeline infrastructure yet to be developed, we are ambitious and want to deliver material growth in Nigeria in the near to medium term. I believe that we have the right resources and team in place to do this.

What are your key priorities for 2020?

We are very focused on adding new Accugas customers this year, both industrial users and power stations, with the aim of fully contracting the 200 MMscfpd of capacity at the CPF by the end of 2020. By comparison, on average during 2019 less than half of the available daily capacity was being used, which means that we are able to add new gas customers at very little incremental cost.

New industrial customers also stand to benefit considerably in a "win-win" situation where they are able to substitute a reliable supply of gas for their power generation needs at around half the c. US$12/Mscfe current cost of diesel[1].

How is Savannah contributing to the broader development of Nigeria?

Nigeria officially became the largest economy in Africa in 2013 but still has one of the lowest rates of electricity generation capacity per capita in the world. Nigeria's growing economy requires a reliable and affordable power supply and we at Savannah are keen to play our part in helping the country achieve its energy needs to drive economic growth. Through Accugas, Savannah currently supplies gas to over 10% of Nigeria's power generation capacity, which is already a significant contribution to the economy, with potential to increase this during the course of the next year.

At the same time we remain very focused on demonstrating our social licence to operate in Nigeria and sharing the benefits with the host communities in which we operate. We have a well-established local content policy, having spent US$295 million with local contractors and suppliers since 2014. We employ 131 people in country, all of whom are local workers, with the exception of Antoine Richard who heads operations for the organisation. In terms of social empowerment programmes, we concentrate on building local skills and making investments which deliver shared infrastructure and support to the local communities in which we operate.

1. Source: https://allafrica.com/stories/202008050565.html.

What is the potential production from the assets in the business currently and what is the roadmap to ramping up these levels in the near term and long term?

In Nigeria we have interests in two large-scale onshore oil and gas fields, Uquo and Stubb Creek which, according to the latest CPR published in December 2019, have a combined 70.3 MMboe of net 2P reserves and 58.6 MMboe of net 2C resources. Average gross daily production rose 32% last year to 17.2 Kboepd compared to 2018 and in the first half of this year rose a further 18% to 21.3 Kboepd compared to the first half of 2019.

In the near term, because our gas production levels are driven by gas customer nominations, it is important for us to add new customers in order to continue to grow production, as well as investing in additional wells to ensure anticipated future production levels are capable of being met. Over the longer term, with a further 10 Tscf of undeveloped gas resources in the vicinity of our infrastructure, we will also evaluate further investment to expand our gas processing facilities and pipeline network.

How does the government support international oil and gas companies operating in Nigeria?

Nigeria is one of the best regions in the world for oil and gas companies to operate. It has a long-established oil and gas industry, with over US$365 billion of capital expenditure already invested since 1965, a government that is keen to attract foreign investment and a world-class geology, being the 10th largest global hydrocarbon province in the world. The Nigerian Government offers an attractive operating environment with high quality upstream and midstream assets. Additionally, Akwa Ibom State, where our operations are based, provides a supportive environment for our business, enabling us to create value for all our stakeholders.

Meet Our People

Name: Olatundun Williams

Job title: Head of Human Resources and Supply Chain, Nigeria

Role with Savannah: Tundun is responsible for overseeing and managing Savannah's overall supply chain and logistics strategy and operations in order to maximise process efficiency and productivity. She also overseas the Human Resources Department of the Nigeria business. She has over 18 years' experience in the oil and gas industry, developing and implementing negotiation and contracting strategies for major oil and gas projects in Nigeria and West Africa. She holds a Bsc. in Mechanical Engineering from University of Lagos.

Uquo CPF – our sustainable gas development in Nigeria

Uquo CPF: Refrigerant Compressor Skid

Country Review: **Niger**

Understanding the opportunity in Niger

A world-class exploration province

The Agadem Rift Basin ("ARB"), which forms part of the larger Central African rift system, has proven to be one of the world's most successful exploration provinces since 2008, with an estimated 1 billion bbl 2P reserve base established and an exploration success rate of 81%. 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.

The favourable structural setting of the traps, combined with seemingly excellent migration efficiency and charge timing from the Lower Yogou marine shale, helps to explain the exceptionally high rate of discoveries, with almost all defined traps containing producible hydrocarbon fluids. Good quality reservoirs are also present at many levels within the Alternances and on a regional basis, reservoir presence and quality are seen as being low-risk play elements. Many analogue structures to known discoveries have been identified on seismic data (limiting trap risk) and remain to be drilled. While the sealing effectiveness will depend on fault juxtaposition, the stacked reservoir arrangement of the Alternances will mitigate against any side-seal uncertainty and help to increase the overall exploration success rate of 115 discoveries from 142 exploration wells.

The presence and effectiveness of all the petroleum systems elements demonstrates the low-risk profile of the Sokor Alternances play. Our 2018 exploration campaign (five out five well exploration success) is testimony to this.

Beyond this, several light oil discoveries have been made in the Cretaceous Yogou play directly to the South East of Savannah's R3 Licence area, which highlight the potential upside from this under-explored play.

Niger offers a stable political environment

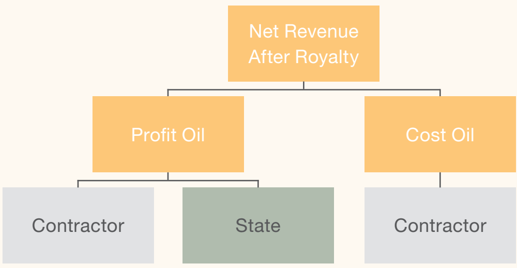
Niger has a well-established multi-party democratic system of government which has played a key role in fostering economic growth. The President, His Excellency President Issoufou Mahamadou, has now overseen two consecutive terms in office during which Niger has seen an 48.5% increase in GDP from 2011 to 2019. His Government has actively sought to increase the level of foreign direct investment into key sectors of the Nigerien economy, by far the most important of which is the energy sector.

The Government offers a stable and attractive fiscal and regulatory framework for companies operating in the energy sector with cost recovery against 70% of revenues in any given year and any unrecovered costs able to be carried forward to future years and the retention of 45-60% of profit oil. A schematic overview of the key aspects of our Niger Production Sharing Contract ("PSC") terms is provided below. Activities in the Nigerien oil and gas industry are governed by the Petroleum Code of Niger.

Savannah licence opportunity

Savannah's licence areas are shown in the map on the adjacent page. Post year end in April 2020, an updated Competent Person's Report for the Niger assets was compiled by CGG Services (UK) Ltd which certified 35 MMstb of gross 2C resources for the R3 East discoveries drilled by Savannah in 2018, with an additional 90 MMstb of gross unrisked prospective resources (best case) within tie-in distance to the planned R3 East facilities. Savannah has identified up to an additional 146 potential exploration targets to consider drilling in the future. CGG has stated that estimated average play 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%.

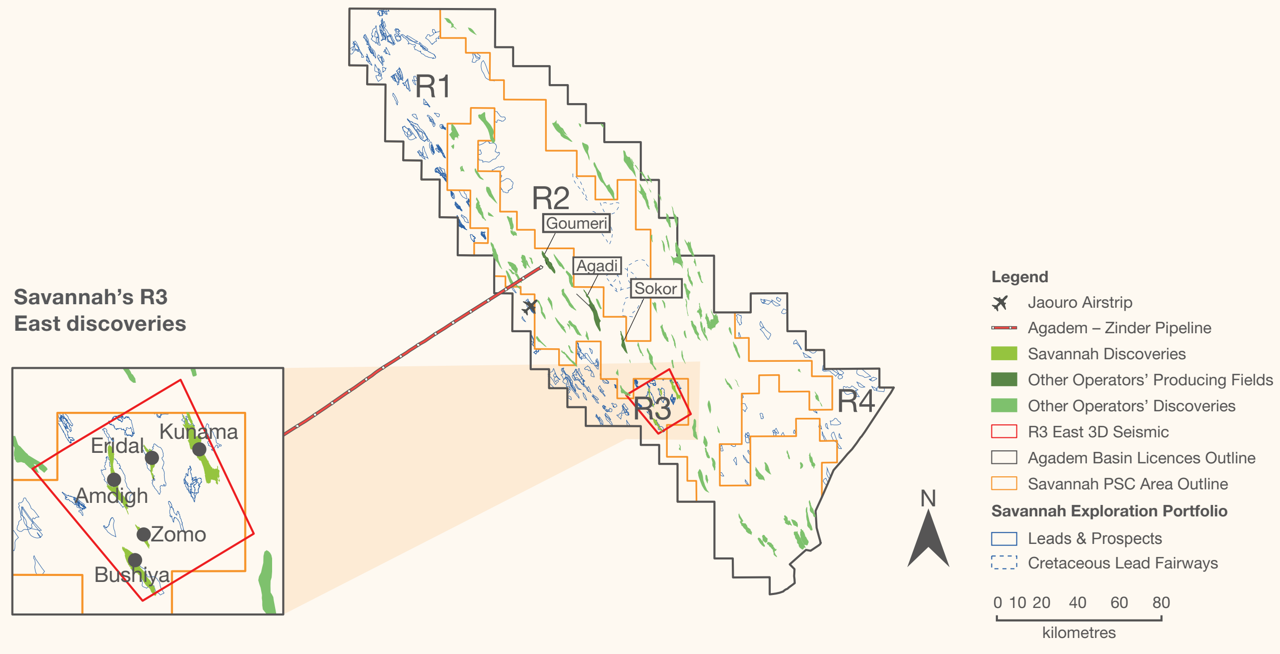
Overview of Niger PSC terms



R-Factor	Contractor	State
< 1	60%	40%
1-1.49	55%	45%
1.5-1.99	50%	50%
> 2	45%	55%

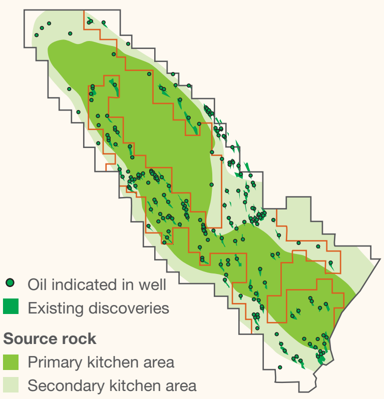
- Signature bonus and related expenditure; US$34 million R1/R2 (40% cost recoverable), US$28 million R3/R4 (60% cost recoverable)
- Royalties: Oil – 12.5%, Gas – 2.5%
- Cost Oil:
  - Recovery of 100% of capital and operating costs (capped at 70% of net revenue after royalty) per annum
  - Excess costs carried forward to future years in a cost oil pool
- Profit Oil:
  - 60-45% depending on R-factor (cost oil plus profit oil, less cumulative exploitation costs)/(cumulative exploration costs plus cumulative development costs)
- No corporation tax
- State free carry back-in right: R1/R2/R4 20% of profit oil, R3 15% of profit oil

The ARB and Savannah's PSC areas



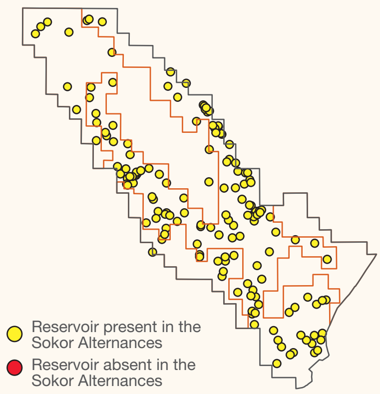
Understanding the high success rate

Source rock & migration risk



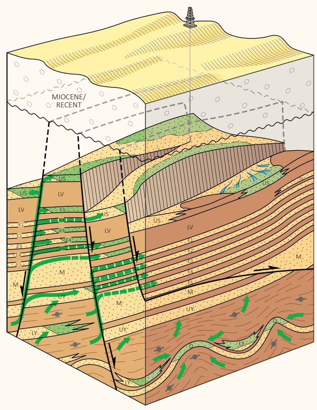
The primary source rocks in the ARB are Lower Yogou marine shales. Oil shows and discoveries have been proven across the length and breadth of the basin, proving the effectiveness of the migration system. The green areas on the map above demonstrate the extensive modelled expulsion of oil; the volume of oil generated materially reduces source and migration risk.

Reservoir presence risk



All wells drilled on the ARB have found reservoir within the Sokor Alternances, the primary play in the basin. The map above shows the proven net reservoir within wells which penetrated this horizon.

Trap & seal risk



The ARB has a simple structural configuration, with only one predominant fault trend. There are five to six stacked reservoirs in the primary Sokor Alternances play; this, combined with well defined traps on 2D and 3D seismic, serves to limit trap risk on an individual prospect.

Plan to first oil

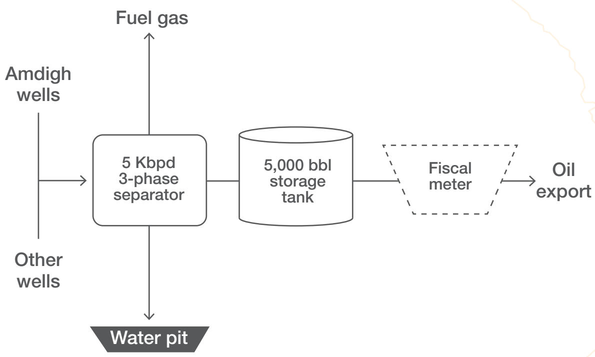
Achieving first oil from Savannah's discoveries in Niger is a key strategic goal for the Company and has the potential to deliver meaningful cash flows for the business, which we believe could occur within the next 18 months, market conditions and financing permitting. In 2018, Savannah launched its maiden exploration drilling campaign on the R3 East portion of the R3/R4 PSC area, delivering 100% success rate on the five wells drilled – Bushiya, Amdigh, Kunama, Eridal and Zomo. The Company delivered this drilling campaign with no Lost Time Incidents and ahead of budget.

In April 2019 we formally submitted the field development plan for the R3 East area Early Production Scheme ("EPS") to the Ministry of Petroleum for approval. The EPS is intended to develop resources discovered on the R3 East portion of the original R3/R4 PSC area.

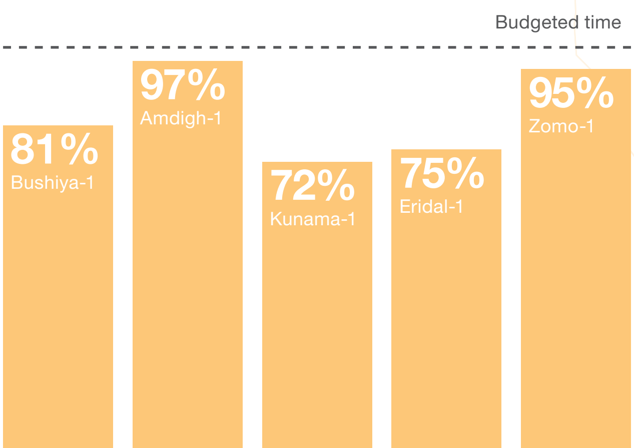
A schematic of our proposed EPS is presented below. The EPS is composed of two phases, with a first phase expected to deliver an initial production of up to c. 1.5 Kbopd to the local Société de Raffinage de Zinder ("SORAZ") refinery, which is connected to the ARB at the Goumeri Export Station ("GES") via the 463km Agadem-Zinder pipeline. In this first phase, following testing of our Amdigh-1 and Eridal-1 wells, processed crude will be trucked from Amdigh 120km to the GES. Depending on field performance, Savannah anticipates in a second phase to build a Central Processing Facility ("CPF") at Amdigh which will act as a gathering and processing station for crude from all current and future discoveries. Production is then expected to ramp up to 5 Kbopd with the processed crude being sent to the GES via a newly laid 90km pipeline.

In 2019, we completed the Pre-Stack Depth Migration re-processing of the R3 East 3D seismic dataset, which showed an overall improvement in seismic imaging (better event continuity and fault definition) at all levels versus the existing Pre-Stack Time Migration dataset. The interpretation phase, which commenced in June 2019, will assist in confirming appraisal and development drilling locations as well as identifying further prospectivity.

EPS facilities to be located at Amdigh



Consistent delivery of operations within budgeted time



Proposed EPS

Phase 1

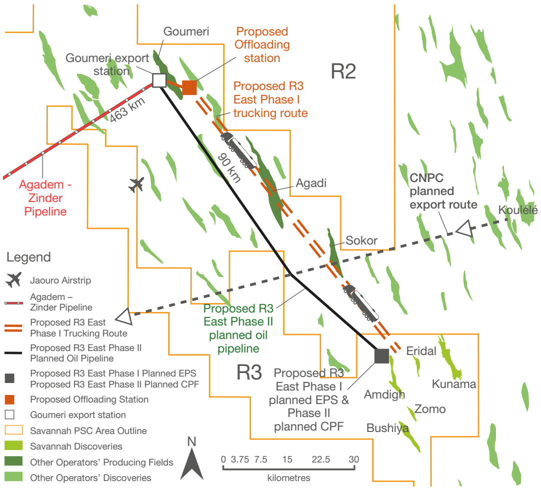
- Expected to deliver up to 1.5 Kbopd
- EPS to be built on site at Amdigh
- Oil to be trucked c. 120km to the Goumeri Export Station, then piped to the SORAZ refinery at Zinder (using the existing 463km Agadem-Zinder pipeline)

1.5
Kbopd

The construction of the Niger-Benin pipeline by China National Petroleum Corporation ("CNPC"), which is expected to be complete in 2022 is a material development for Savannah. Once initial production starts and following the planned ramp up to 5.0 Kbopd, the pipeline will provide an important export route and the ability to better monetise our existing and future oil discoveries in the ARB.

In addition, the new pipeline will reduce the need to truck the produced oil, significantly lowering the potential environmental exposure.

R3 East development



Further exploration and development

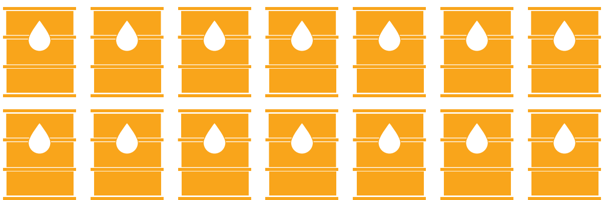
Phase 2

- CPF expected to be constructed at Amdigh, planned to be linked to a gathering system to enable adjacent discovered fields (e.g. Eridal, Bushiya) to be tied into the CPF
- Planned construction of a pipeline between the CPF and the Agadem-Zinder pipeline tie-in point at Goumeri, with second phase production also expected to be piped to SORAZ
- Production expected to ramp up to around 5.0 Kbopd following the completion of pipeline construction
- Drilling development wells

Further resource development

- Two sources of upside exist for production in excess of the second phase of the planned EPS:
  - Firstly, the ability to export via the new Niger-Benin pipeline
  - Secondly, the addition of further resources to Savannah's portfolio through the next phase of the planned exploration programme

5.0
Kbopd



A route to market: the Niger-Benin export pipeline

Niger's domestic oil consumption is relatively low (currently approximately 10 Kbopd), meaning a significant proportion of existing oil production in the country is exported, largely by truck and road to northern Nigeria. The majority of oil planned to be produced from future developments, including from China National Petroleum Corporation's ("CNPC") next major phase of development on the Agadem Production Sharing Contract ("PSC"), is expected to be exported.

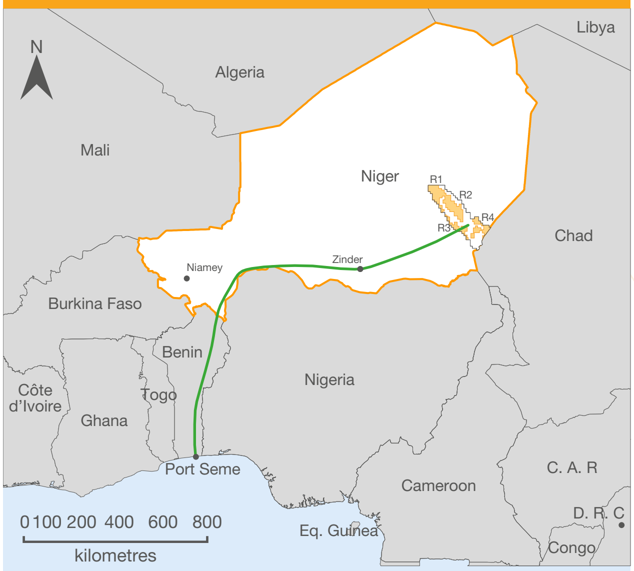
In September 2019, a Transportation Convention was signed between CNPC and the Republic of Niger in relation to a new crude oil export pipeline from the Agadem Rift Basin ("ARB") to the Atlantic coast in Benin (the "Niger-Benin Export Pipeline"). This pipeline is expected to run for approximately 2,000km from the ARB in Niger to Port Seme on the Atlantic coast in Benin and is believed to be CNPC's largest ever cross-border crude oil pipeline investment. Following the signature of the Transportation Convention, His Excellency President Issoufou Mahamadou of Niger officially launched the surface infrastructure works for the Niger-Benin Export Pipeline at a ceremony attended by Savannah representatives on 17 September 2019.

The Transportation Convention follows the signature in August 2019 of the Niger-Benin Pipeline Construction and Operation Agreement between CNPC and the Republic of Benin, as well as the upstream approval granted by the Republic of Niger to CNPC in June 2018 in relation to the Agadem PSC Exclusive Exploitation Area 3, the production from which is expected to be exported from Niger using this pipeline.

Under the terms of Savannah's licences, the Petroleum Code of Niger and its Implementing Decree, Savannah is entitled to access the Niger-Benin Export Pipeline and expects there to be spare capacity to enable the monetisation of further discoveries within our licence areas.

Commencement of construction of the Niger-Benin Pipeline is therefore a major positive for Savannah's Niger business unit. CNPC has confirmed that construction, which is expected to transform Niger into a major oil producer in West Africa, is expected to be completed in 2022. The project has the potential to deliver significant economic growth for the country and the population of Niger.

Proposed Niger-Benin pipeline route



Meet Our People

Name: Idriss Naino Jika

Job title: Head of Site (Operations), Agadem, Niger

Role with Savannah: Idriss is responsible for handling the logistics and distribution of materials across various sites at our Jaouro base in the ARB. He also oversees waste management at the sites while ensuring that best practice HSE and environmental standards are followed. He has a Bachelor's Degree in Biodiversity and Environment Management from Niamey University, Niger and a Master's Degree in Project Management from the Regional Institute of Information, Technology, Marketing, Insurance and Professional Training (IRIMAG/CFM), Niamey, Niger.

Exchange of documents and greetings between Mr Wang Zhong Cai (President of China National Oil and Gas Exploration and Development Corporation (“CNODC”)) and Foumakoye Gado (Niger Minister of Energy and Petroleum) at the Transportation Convention signature ceremony in September 2019

His Excellency President Issoufou Mahamadou of Niger and Mr Wang Zhong Cai (President of CNODC) at the first stone ceremony for the Niger-Benin pipeline held in Koulélé, Agadem in September 2019

Savannah’s team of Mohamed Silimane (Director of PR and Stakeholder Relations), Idriss Naino Jika (Head of Site (Operations)) and Moussa Chetima (HSE Officer) greet His Excellency President Issoufou Mahamadou at the first stone ceremony for the Niger-Benin pipeline held in Koulélé, Agadem in September 2019

His Excellency President Issoufou Mahamadou signing the pipeline at the first stone ceremony for the Niger-Benin pipeline held in Koulélé, Agadem in September 2019

Q&A with Boube Hamani

General Director of Hydrocarbons, Ministry of Petroleum

"Now Savannah is envisaging the commencement of the installation of an Early Production Scheme on R3 within the next 18 months. We fully support these significant ambitions. We wish Savannah good luck, because its success is equally Niger's success."

Boube Hamani
General Director of Hydrocarbons, Ministry of Petroleum

Why is the development of the oil and gas sector important to Niger?

I would like to thank you for giving me the opportunity to discuss the Niger oil and gas sector and its importance with regard to its potential to improve the living conditions of our people through the socio-economic development of our country.

Our country, as you know, is among the poorest countries in the world and faces enormous social, economic and demographic challenges with:

- a human development index which is among the lowest in the world; and
- gross domestic product ("GDP") per capita among the lowest in the world (ranked 207 of 209)

This situation has encouraged the authorities at the highest level in Niger to show strong political leadership to confront these challenges, producing two important strategic blueprints.

Firstly, the "Strategy for Sustainable Development and Inclusive Growth to 2035" which has the objective of "building a peaceful and well governed country with an emerging and sustainable economy, in a society based on common values and the sharing of the fruits of its progress."

Secondly, the "Social and Economic Development Strategy for 2017-2021" (or "PDES", Plan de Developpement Economique et Social), within which Niger asserts its firm desire for change at all levels, including the desire to eradicate poverty and inequality through social development and demographic transition, together with the acceleration of economic growth.

Oil has become the driving factor of the Nigerien economy, gradually replacing the uranium sector, and it is the principal basis on which Niger will be able to implement its social and economic strategy.

The oil sector has generated more than US$2 billion of cumulative income since 2011 and, depending on the year, accounted for between 4-7% of GDP, 17% to 30% of tax revenues and 16% to 29% of exports. In total, the oil sector generated approximately West African CFA 864 billion (approximately US$1.5 billion) for the Nigerien Treasury between 2011 and 2019.

Oil revenues are used to develop the country through re-investment in basic social sectors such as public health, education, agriculture and infrastructure. Therefore, given Niger's dependence on oil, there is a need for a better strategy in order to realise the full potential of the oil sector.

It is worth recalling that on 11 January 2019, the Council of Ministers for the Republic adopted a draft decree which approved the creation of a National Oil Policy with the following vision: transforming the Niger petroleum sector into the driving force of economic and social development for current and future generations, with responsible and respectful management of the environment. The objective of this policy is to help the oil sector become the "driving force" of Niger's economy by 2025, with the aim of accounting for nearly one quarter of Niger's wealth through the generation of almost half of all tax revenues as well as accounting for most of the country's exports and a significant proportion of skilled employment. In fact, the oil sector has already become the driving force of Niger's economy as it progressively replaces the uranium sector.

It became clear that it was necessary to have a strategy for the sector, given that recent years have been marked by multiple important new discoveries, most notably by the Chinese company, China National Petroleum Corporation, which has been present in Niger since 2003.

For example, in the Agadem block alone, China National Petroleum Corporation-Niger Petroleum has made more than 110 discoveries during the last 10 years, representing a success rate of over 80%.

Savannah Energy has drilled five successful exploration wells, representing a 100% success rate on block R3. Also, Sonatrach, through its international subsidiary, SIPEX, is active on the Kafra block, performing two exploration wells, which each resulted in an important discovery, thereby confirming the existence of a new oil basin close to the Niger and Algerian border.

What do you think about the current oil and gas landscape in Niger and how do you see it evolving in the medium term?

The Niger oil scene is very dynamic, having gone through a period of rapid development in recent years to the extent that it has now become one of the priority sectors for Government policy, in terms of the mobilisation of internal resources to contribute to the socio-economic development of the country.

Niger has significant geological potential, but to date this has been largely under-explored:

- 90% of the territory is covered by two sedimentary basins (the Western basin and the Eastern basin) with most of the exploration having been focused in the Eastern Basin;
- despite the recent exploration success in the Agadem and Kafra basins, where the majority of the discoveries were made in the shallowest Tertiary sequence, the Eastern Basins remained largely under-explored. Significant potential exists in the adjacent basins and the deeper Cretaceous sequence; and
- there has been little exploration in the east of the country due to the previous absence of export solutions and lack of technical data.

Research undertaken in recent years has helped to increase the level of Niger's oil reserves significantly, with current estimates of 3,754 million barrels of oil reserves in place and 957 million barrels of recoverable oil reserves. Current gas reserves in place are estimated at 34 billion cubic metres with recoverable reserves of 24 billion cubic metres.

Most of the identified reserves in Niger are located in the Agadem area, which currently supplies approximately 20,000 barrels of oil per day to the SORAZ refinery and is expected to ultimately supply the Niger-Benin export pipeline with an estimated 90,000 barrels of oil per day. The exploitation potential of these reserves depends on the construction of a 1,982km pipeline (with 1,293km in Niger) to join Koulélé to Port Seme near Cotonou. The first shipment of pipe for the construction was unloaded in Cotonou at the end of February 2020 and contained 164 kilometres of pipe (with 130km of these destined for Niger). Further shipments will be delivered in order to complete the project by 2022.

Once the project is completed, the oil sector will account for approximately 45% of tax revenues and 24% of Niger's GDP by 2025[1].

1. Source: Republique Du Niger, Politique Pétrolière Nationale, December 2018.

Q&A with Boube Hamani continued

General Director of Hydrocarbons, Ministry of Petroleum

How does Niger look to attract international investment in the oil and gas sector?

When drafting the new petroleum code in 2017, our goal was to create a competitive and operational legal and fiscal framework, preserving the interests of the state while attracting oil operators, within a competitive global context.

Currently, the following oil companies are active in Niger: China National Petroleum Corporation in consortium with OPIC from Taiwan and the State of Niger for the exploration of 112 deposits; China National Petroleum Corporation International Bilma which has operated on the Bilma block since 2003; Sonatrach from Algeria through its international subsidiary, SIPEX; and Savannah Energy from the UK.

We are still promoting available petroleum blocks to interested companies.

In light of this, our national oil policy seeks to create an attractive investment environment to encourage geological research and we are also planning to acquire a new database for the benefit of potential oil investors.

We are in the process of upgrading the Documentation and Petroleum Archives Unit in order to build a useful database of information for operators.

At the same time Niger is promoting petroleum blocks to oil investors by actively participating in international forums and conferences.

It is important to highlight that Niger reinstated the Extractive Industries Transparency Initiative in February 2020 after three years of non-participation, reasserting its commitment to transparency in extractive industries, carrying out tangible reforms to public finances and the collection of tax revenues from the extractive sector.

Globally, the latest 2020 World Bank report on "Doing Business" revealed that our country has achieved a considerable step forward in terms of improving the business environment and has achieved numerous credits, now ranking in an enviable position both at an African and international level. Indeed, at the world level, Niger obtained 11 credits within one year, advancing from 143rd position to 132nd. At the African level, the advance of Niger towards an improved business environment is also notable, achieving a rank of 22 and placing it in fourth, fifth and sixth position in Economic Community of West African States, West African Economic and Monetary Union and in the Organisation pour l'Harmonisation en Afrique du Droit des Affaires system respectively.

How important is the new Niger-Benin pipeline for the country?

We carried out many studies and analysis with the results favouring the "Niger-Benin" option over others. The Transport Convention relating to the construction and operation of the Niger-Benin pipeline was signed on 15 September 2019 in Niamey, between the State Minister in charge of Oil, Mr Foumakoye Gado, and the Managing Director of the China National Oil and Gas Exportation and Development Corporation, Mr Wang Zhong Cai, at a ceremony chaired by the Prime Minister of Niger, His Excellency, Mr Brigi Rafini. The pipeline will link the oil fields of Agadem to the Atlantic maritime coast.

Operational use of the pipeline is due to start in 2022 with oil production destined for export through Port Seme in Benin.

Savannah's Eridal discovery

The project will help Niger multiply its export capacity by a factor of five, increasing it from 20,000 barrels per day currently to 110,000 barrels per day. On the occasion of launching the construction at the Koulélé site, located 90km away from Agadem in the region of Diffa, the President of the Republic, Head of State His Excellency President Issoufou Mahamadou, perfectly highlighted the importance of the project for our country. I quote his words, "Today, September 17, 2019, is a great day for the people of Niger. We have just launched the biggest project of our history since independence."

We expect Niger to achieve 12% growth in 2022, six more percentage points than today. According to projections, oil which represented 4% of GDP in 2017, will increase to account for 24% of GDP in 2025, and is set to generate nearly 45% of all tax revenues (almost West African CFA 400 billion), compared to 17% in 2017. The construction of the pipeline is also being accompanied by the drilling of 430 wells and associated surface installations.

The project will help to create many employment opportunities and the development of local content in Niger.

The pipeline represents a huge opportunity for other operators in Niger who will have access to this infrastructure, like Savannah Energy, for example, which is operating in the area, and will also encourage new oil investors. This project is vital on economic and financial grounds for our development. In summary, a pipeline of such scope does not only represent an economic backbone for future growth, but also a profound and real opportunity to change the lives of more than 22 million citizens, including those of future generations.

How do you regard Savannah as a partner for Niger?

Savannah Energy is a "junior" which has made significant progress. We sincerely appreciate the remarkable efforts made by Savannah Energy in Niger. Through its presence during the last six years, significant investment has been made in its activities. With two Production Sharing Contracts, Savannah is working hard to respect its commitment to the Government. It carried out a gravimetric airborne survey "Full Tensor Gravity Gradiometry", which is an innovative technology. It then carried out a 3D seismic campaign over 806km^2 and a five-well drilling campaign.

We have also heard favourable comments from local communities regarding Savannah's commitment to social investment (public health, education, and support to cattle breeding, access to potable water etc.) programmes. Moreover, this has also been noted by our representatives in the field as part of their control and follow-up assessments. This is to be encouraged.

Now Savannah is envisaging the commencement of the installation of an Early Production Scheme on R3 within the next 18 months. We fully support these significant ambitions. We wish Savannah good luck, because its success is equally Niger's success.

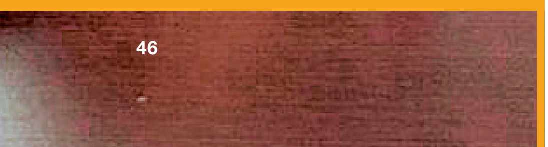
Boube Hamani, General Director of Hydrocarbons, Ministry of Petroleum, with Mohamed Silimane, Director of PR and Stakeholder Relations, Niger, Savannah Energy

Q&A with Yacine Wafy

Managing Director, Niger

"We have consistently demonstrated our ability to operate in the ARB, with all of our projects having been delivered safely and within budget. I am now looking forward to bringing our R3 East discoveries into production, as well as to delivering further resource additions through exploration drilling in the coming years."

Yacine Wafy
Managing Director, Niger



What were the major developments for the Niger business in 2019?

Following the highly successful exploration drilling campaign in 2018, where we made five discoveries from five wells, in 2019 we have focused on preparing the testing and production phases. In March we submitted a feasibility study to the Ministry of Petroleum for our planned early production scheme and development proposal on the R3 East area. We have worked closely with the Niger Minister of Petroleum and our various other stakeholders to assess our options on how to best maximise value from our licences.

A major development for the country in 2019 was the signature of the Transportation Convention between China National Petroleum Corporation ("CNPC") and the Republic of Niger last September for a new Niger-Benin oil export pipeline. The planned pipeline, approximately 2,000km long, from the ARB in Niger to Port Seme on the Atlantic coast in Benin offers operators in the region a clear route to market and will enable producers to scale up production to meet the significant capacity of the pipeline.

Why is the Agadem Rift Basin such an exciting opportunity for Savannah?

The ARB has proven to be one of the world's most successful exploration provinces, whilst remaining largely untouched, meaning that operations such as seismic and drilling are relatively easy to perform. It offers a low cost operating environment (estimated historic finding cost of less than US$2/bbl) and enjoys an 80% historic exploration success rate for an average discovery size of 30 MMstb oil in place.

How do you see Savannah contributing to the broader development of Niger?

The development of Niger's nascent oil and gas industry is a key stated objective of the Government of Niger and has the potential to increase Niger's GDP by 24% in 2025 as the country moves to becoming an oil exporting nation. Savannah, as one of only three oil companies currently operating in Niger, together with CNPC and Sonatrach, has the ability to contribute to the significant economic development of the country.

We also make significant contributions to local communities in Niger. As we look to commence installation of an Early Production Scheme ("EPS") within the next 18 months, market conditions and financing permitting, this positive impact will only increase. With an intensive local content policy, we are directly contributing in terms of hiring, employing and training local staff. For example, all of our employees in Niger are local, save one expatriate, while 90% of the employees at our logistics base are drawn from the surrounding communities in line with our local content policy. We have contributed to the training and development of Savannah employees by sending four of our managers to IFP, the French Oil Institute, in France for general training, while all employees attend two specific training sessions per year. We also conduct a range of social impact projects in Niger, and we will continue to support the communities of NGourti and Diffa (located on and around our assets) through the provision of employment, investment in the local economy and targeted development programmes.

Why is the Niger-Benin export pipeline significant for the country and Savannah?

The planned pipeline will transform Niger into a major regional oil producer and deliver a material increase in the country's economic growth rate. The pipeline is CNPC's largest ever cross-border crude oil pipeline investment. CNPC has considerable experience in successfully executing projects of this scale on time.

Since local consumption in Niger is not that significant, approximately 10 Kbopd, the ability to export crude to the coast is crucial for the country's further economic development. The new 2,000km pipeline, which will be the longest pipeline in Africa, is a win-win project for Niger and Benin, as it will open the ARB up to greater levels of exploration and oil production, which has the potential to significantly increase the nation's GDP.

From a Savannah perspective, it provides our Company with a significant additional route to market, alongside the existing Zinder refinery.

What support does the Government provide to international companies operating in Niger?

Interest in Niger from international investors is growing. Niger offers an attractive stable political democracy which is inclusive of all communities and ethnic groups in the country.

The current President of Niger, His Excellency President Issoufou Mahamadou, will hand over the Presidency following elections at the end of 2020, having successfully served two terms in office as permitted under the constitution. There is a strong desire on the part of the Government to attract foreign direct investment and the development of the country's energy sector is seen as crucial to attracting that investment. There is a dedicated ministry for the oil and gas sector and a stable fiscal framework as laid down in the Petroleum Code from 2017. Savannah's own licences offer favourable terms, including stability clauses.

What are your key objectives for 2020 and what do you look forward to?

My key objective from an operational standpoint is to develop our discovered fields and commence the installation of an EPS within the next 18 months, market conditions and financing permitting. We continue to focus on preparations for the EPS in our R3 licence area and the achievement of first oil production from the Amdigh and Eridal fields. We are setting out a plan to commence the next phase of exploration drilling and expect to announce the start date for this programme later in 2020.

One of our main aims is to continue to be a responsible partner to Niger and to bring social and economic prosperity to the country, through our business, local content policy and through our social impact projects.

Meet Our People

Name: Ed Robinson

Job title: Geoscientist, London, UK

Role with Savannah: Ed works in the subsurface team, which is responsible for the Company's exploration, appraisal and development activities. Ed has built the subsurface geomodel for the Stubb Creek field and is currently focused on Niger exploration, which includes seismic interpretation and mapping around the R3 East licence area. In addition, he also manages the Company's Geographic Information Systems and all subsurface data. Ed has 10 years' experience working in the oil and gas industry and previously worked at a major service company. He holds a Masters degree in Petroleum Geoscience from Imperial College, London.

Sustainability Review

Sustainability and partnerships

At Savannah Energy we look to develop our approach to sustainability for the benefit of all our stakeholder groups, taking on board the interests of our investors, host countries and communities, customers, suppliers, partners and our people throughout the Group. We aim to maintain and improve our social licences to operate in Nigeria and Niger through acting responsibly in relation to our people, the environment and our host communities.

Following the acquisition of our Nigerian Assets in November 2019, we have sought to harmonise our policies and processes across the enlarged Savannah group in relation to health, safety, security and the environment, human rights, local content, community relations and social impact investment. In particular, our Accugas business already operates in accordance with the key requirements of the International Finance Corporation's eight Performance Standards ("IFC PS") and the World Bank's Environmental, Health & Safety Guidelines ("WBG EHS Guidelines") for the energy sector and has done so for several years. In line with this, Accugas provides the ongoing management, monitoring and reporting of its performance on an annual basis in relation to its environmental and social ("E&S") impacts' profile, community development, stakeholder management and the health and safety key performance indicators associated with its operations, activities and projects.

The International Development Agency of the World Bank also requires Accugas to provide biannual E&S reporting as part of the Partial Risk Guarantee agreement which provides credit support for the long-term gas sales agreement between the Calabar Generation Company and Accugas (Accugas' largest customer).

Given that a significant part of Savannah's business already operates in accordance with the IFC PS and WBG EHS Guidelines, we are undertaking a holistic review of our approach to sustainability performance reporting in 2020, with a view to harmonising and enhancing our approach across the enlarged Group. This includes developing and implementing a best-practice environmental, social and governance performance reporting framework for the Group in line with international industry best practice and related international sector guidelines, which we will then publish as part of an annual sustainability review.

The overarching ambition of Savannah Energy's presence in Nigeria and Niger is "to make a positive difference" to the socio-economic development of both countries by both our presence there and as a result of our field development, operational activities and strategies.

Savannah's direct socio-economic contributions to both Nigeria and Niger can be measured by the economic value we add through salaries and payments to people, host governments, suppliers and contractors as well as our highly impactful social and community development strategies and projects. In total, we have contributed approximately US$520 million to Nigeria and Niger since 2014, including approximately US$42 million in 2019[1]. In addition, there are the broader indirect benefits of Savannah's activities in our host countries as our employees and contractors spend their wages, governments distributing tax and royalty revenues, and our neighbouring communities utilise the infrastructure developed by us.

Our true economic contribution is far greater once the wider effects of our presence are considered. In Nigeria this is highlighted by our strategic role in providing a much-needed stable and reliable gas supply to power stations and industrial users.

This is in line with the Nigerian Government's National Gas Policy to reposition the country as an attractive gas-based industrial nation, helping to drive economic growth, prosperity and employment opportunities.

Savannah Energy also aims to play a major role in developing the nascent energy sector of Niger. This is a key stated objective of the Government of Niger with the sector's potential to increase Niger's gross domestic product ("GDP") by an estimated 50% as the country becomes a net exporter of hydrocarbons. Savannah, as one of only three energy companies currently operating in Niger, has the ability to contribute significantly to the future economic development of the country.

Savannah Energy
currently provides gas to
over 10%
of Nigeria's power generation capacity

Savannah Energy
is set to contribute to
24% GDP
growth in Niger

Total investment of
US$1.6bn
in Nigeria and Niger assets[2]

Savannah's 2014-2019 contributions to Nigeria and Niger[1]

1. Includes contributions to Nigeria during the period pre-acquisition of the Nigerian Assets by Savannah.
2. Includes investment in Nigeria during the period pre-acquisition of the Nigerian Assets by Savannah.

Savannah's Stubb Creek Field

Acting responsibly for the whole community

Social impact investment and local content

Context

- Savannah is committed to being a responsible partner in both Nigeria and Niger, demonstrating our corporate philosophy that all stakeholders should share in our prosperity, including our host countries and communities.
- We are proactive in our approach, and work closely with our local host communities, relevant local authorities and select non-governmental organisations to address community needs and requirements in a positive and constructive way with long-lasting benefits.
- We focus on delivering social impact projects which develop local skills and foster economic self-sufficiency amongst our local host communities, provide shared infrastructure and drinking water facilities, as well as improving local living conditions through a range of health and education initiatives.

Achievements

- In 2019, we invested over US$175,000 in 12 social impact projects in Nigeria and a further US$120,000 in 10 social impact projects in Niger.
- In line with our policy, these projects have focused on developing local skills and fostering economic self-sufficiency, the provision of shared infrastructure and potable water facilities as well as health and local education related projects.
- Details of these projects can be found on pages 55 to 57 and pages 59 and 60 of the Annual Report.

Future objectives

- Continue to nurture positive, transparent and proactive relationships with our local host communities.
- Aim to be a strong, trustworthy and reliable partner for both Nigeria and Niger.
- Progress our local content policy.
- Further develop our strategic social impact programmes.

Security and human rights

Context

- Savannah's Asset Protection team is tasked with continually monitoring, assessing and, thereby, seeking to mitigate the security threats and risks present in the Company's operational and project environments.
- We conduct regular security risk and threat assessments for our areas of operation and project locations, both for predictive and preventive purposes. We also maintain a human rights register and conduct conflict analysis in the Company's operational and project areas.
- We seek to ensure as far as possible, that actions taken by host governments in relation to projects we are involved in, particularly the actions of Government Security Forces ("GSFs"), are consistent with the protection and promotion of human rights.
- Savannah operates its own Human Rights Policy and underlying procedures and processes alongside and in line with our commitment to the Voluntary Principles on Security and Human Rights ("VPSHR") to the extent that our approach is in line with the UN Guiding Principles on Business and Human Right.

Achievements

- Savannah has worked with our assigned GSF personnel so as to ensure the maintenance of have the rule of law, including the safeguarding of human rights, by deterring acts that threaten the Company's security of our operating facilities and project locations.
- We have co-ordinated and ensured that the type and number of GSF personnel deployed at any/all Company assets are competent, appropriate and proportionate in number to the assessed project risk and, as part of our day-to-day operations and activities, have organised meetings with the GSF commanders on a regular basis to discuss both regional and local security and threats.

Future objectives

- Ensure that all our assets (people, facilities, environment, reputation and stakeholders) are protected from attack and other threats, and manage the associated risks to a level that is as low as reasonably practicable.
- Further develop and embed our crisis management and emergency response planning and management capabilities in our operational business activities.
- Maintain current high level of performance within the VPSHR framework.
- Continue to develop and implement constant training and knowledge transfer programmes throughout 2020 to aid Savannah's commitment to international industry best practice and operating frameworks.

Health, safety and the environment

Context

- Savannah is committed to managing our operations in a safe, secure and reliable manner and considers that a high standard of health and safety and environmental performance is critical to the ongoing success of the Company's operations, activities and projects.
- We are firmly committed to achieving the operational goal of injury-free time across the business and consider this business performance metric a top priority for our people and contractors, and other stakeholders.
- Savannah is committed to protecting and minimising any harm to the environment as a result of our operations, activities and projects by ensuring pollution or other losses of containment i.e. oil spills, gas leaks, gas flaring, venting of hydrocarbons, emission of halons and CFCs, and/or chemical spillages are minimised, if not completely prevented.

Achievements

- Workforce adherence to Savannah's policies and management system processes was at a high level in 2019, to the extent that the Lost Time Injury Rate, the Fatality Accident Rate ("FAR"), the Total Recordable Incident Rate ("TRIR") and the Road Traffic Accident Injury Rate ("RTAIR") were all recorded as zero for the year.
- HSE achievements in 2019 included:
  - A co-ordinated and comprehensive medical assessment of all employees and contractors in Nigeria;
  - No oil spillages or cold venting hydrocarbon incidents were recorded by any Company-producing assets;
  - Reduced gas flaring across the Company's operations; and
  - >20 critically eroded sections of the Company's pipeline network right of way were remediated and reinstated. This achievement will preserve the integrity of the Accugas pipeline network for many years to come, and will benefit and safeguard Savannah footprint communities from a safety perspective.

Future objectives

- Savannah commits to continuing to target zero injuries and asset damage, to improving its contractors', service providers' and vendors' HSE management performance in line with the Company's policies, and to manage the Company's "produced" water arising from our operations, activities and projects in line with the Nigerian Department of Petroleum Resources' guidelines.
- From an operational perspective, Savannah, as part of an ongoing programme of operational improvements, plans to fully install sewage treatment plants at all operational and field facilities, and plans to improve the performance and efficiency of the gas compressor at Stubb Creek (Nigeria) to achieve a further reduction in future flaring at the facility.

Our people

Context

- Savannah values its employees as a critical resource for the business and believes in employing and supporting local talent.
- We look to ensure that all positions within the Company's support and field operations management structures are populated by people who possess the right skill sets, experience, qualifications and work ethic.
- Savannah aims to employ the best talent, offering tailored training programmes, both external and "on the job", mentoring by more experienced staff and senior management of the Company, continual professional development, and new skills development, all resulting in the gradual and controlled elevation of the personnel into key roles as trusted and valued members of the Company's workforce.

Achievements

- Seamless transitioning of 131 employees from the Company's recently acquired Nigerian Assets into Savannah's corporate functions and field operations.
- Successful integration of former JV partner and former operator employees at the CPF with no loss of production or man-hours.
- Implemented new functional matrix organisational structure across the enlarged Group.
- Savannah organised 14 training sessions and 11 knowledge sharing sessions in Nigeria, comprising technical, HSE and soft skills courses, leading to a c. 80% year-on-year increase in learning activities.
- Training programmes during the year in Niger included drilling-production-deposit, health, safety and environment management, supply chain performance and multiple purchasing, supply and stock management training modules and advanced English courses.
- Savannah achieved 25% gender diversity for leadership and senior management roles, and 20% for the Group.

Future objectives

- Continued focus on training, awareness raising and skills reinforcement programmes for all staff members and contractors.
- Savannah will make every effort during 2020 to search out and employ the most talented, skilled and experienced people.
- Continue to improve our gender diversity ratio.

Over US$1.5 million invested in our social impact projects since 2014

It is key for us to be a responsible and committed partner in both Nigeria and Niger, demonstrating our corporate philosophy that all stakeholders should share in our prosperity, including our local host communities. Our key social investment strategies and projects have been designed to contribute to the socio-economic development of Savannah's operational areas in both Nigeria and Niger. We are proactive in our approach with a focus on delivering social impact projects which develop local skills and foster economic self-sufficiency, provide shared infrastructure and potable water facilities as well as improving local living conditions through a range of health and education initiatives. In 2019 we invested over US$295,000 in 22 social impact projects in Nigeria and Niger.

Savannah enjoys mutual trust and transparency with our local host communities and stakeholders, which further reinforces the high levels of community support, loyalty and goodwill we receive, ensuring that Savannah's operations, projects and activities can proceed safely and unhindered.

US$600,000

Total social impact investment in Niger since 2014

US$940,000

Total social impact investment in Nigeria since 2014[1]

Building of a gangway and river embankment project in Nigeria

The gangway/river embankment is a social impact project undertaken by Savannah to protect the local Ikot Udo Ekop community from further environmental degradation and allow the free movement of people, goods and services between nine local communities in the area, including Oboyo Ikot Ita, Afaha Ikot Ossom, Mbikpong Ikot Edim, Ito Okoh, Ikot Oduot, Afaha Udo Eyob, Ikot Obio Edim and Ikot Oboho. The project was commissioned and handed over on 10 May 2019. The new river crossing provides access to pedestrians who previously had to trek between 8 to 10 kilometres on foot before they could reach neighbouring communities on the other side of the river, which geographically are only a kilometre apart.

The project has also reduced the impact of seasonal flood water on the Ikot Udo Ekop community during the annual rainy season.

Ikot Udo Ekop, Ibesikpo/Asutan Local Government Area, Akwa Ibom State, Nigeria

1. Includes contributions during the period pre-acquisition of the Nigerian Assets by Savannah.

Social impact investment in 2019

5
Infrastructure projects

4
Skills training and economic projects

7
Water projects

2
Health-related projects (excluding water projects)

4
Education-related projects

US$296,000
Total social impact investment in 2019

77
Total number of communities positively impacted by our projects in 2019

Support for education in Niger

Construction and provision of four new classrooms, each accommodating up to 35-40 students, together with classroom equipment for the NGourti, Jaouro, Barkanga and Guélégué communities.

Savannah funded the project and employed a local construction company, Enterprise Agadem BTP/H, to carry out the work. The project was completed in 2019 and handed over to the local communities.

NGourti, Jaouro, Barkanga and Guélégué communities, Niger

Creating a social impact

Nigeria

Total social impact investment of **US$940,000** since 2014[1]

12 social impact projects completed in 2019

Nkoyo Etuk
Head of Stakeholder Relations and Communications, Nigeria

"It is key for us to be a responsible and committed partner in Nigeria."

It is key for us to be a responsible and committed partner in Nigeria, demonstrating our corporate philosophy that all stakeholders should benefit from our projects, including our host communities. We are proactive in our approach with a focus on delivering social impact projects which develop local skills and foster economic self-sufficiency, provide shared infrastructure and potable water facilities as well as improving local living conditions through a range of health and education initiatives.

During 2019 we have invested in a total of 12 social impact projects in Nigeria, including three infrastructure projects, two skills training and economic projects, five potable water projects and two education-related projects, amounting to a total investment of US$176,000 during the year. Cumulatively since 2014, we have invested US$940,000 in social impact projects in Nigeria.

Savannah has a well-established local content policy in Nigeria, having spent US$281 million with local contractors and suppliers since 2014. We employ 131 people in country, the vast majority (99%) of whom are local workers.

Green Team update

The Green Team is a Savannah Energy initiative designed to maintain and monitor the right of way to our gas pipelines. In 2019, 239 local youths, up from 194 the previous year, were engaged in our Green Team initiative, drawn from the Akwa Ibom and Cross River States in South East Nigeria. The initiative commenced in July 2015 covering the Uquo-Ikot Abasi and Eastern Horizon Gas Company pipelines, while monitoring and maintenance of the Eastern Pipeline ("EPL") was added in March 2019.

2019 Green Team highlights include:

- increased involvement of project-affected communities, thereby strengthening relationships between Savannah Energy and our host communities;
- improved awareness about safety and asset integrity on the pipeline right of way through regular engagement with our host communities; and
- increased reporting of erosion, encroachments and possible criminal activities affecting the pipelines.

Green Team participation rose 23% in 2019

1. Includes contributions during the period pre-acquisition of the Nigerian Assets by Savannah.

Nigeria social impact projects in 2019

Construction of a new town hall

at Ekim Enen, Uruan Local Government Area, Akwa Ibom State

This is a sustainable community development project initiated, funded, supervised and completed by Accugas. The project is part of the Memorandum of Understanding ("MOU") signed on 29 September 2015 with nine impacted communities in the Uruan Local Government Areas of Akwa Ibom State during the construction phase of Savannah's EPL project. The EPL is a 32km gas pipeline transporting gas from Savannah's Uquo CPF to customers such as Calabar power station and the Unicem cement factory. The pipeline crosses five local government areas, Odukpani, Uruan, Okobo, Oron and Udung Uko, located in the Akwa Ibom and Cross River states, and impacts 72 local communities within those areas. Implementation committees for the MOU were set up in both states, comprising representatives from the communities, government and company representatives. The community representatives were nominated by the leadership of the local communities under the supervision of the relevant local state Ministries of Environment.

The Ekim Enen local community nominated the new town hall project to be executed by Accugas, which the company then evaluated to ensure it was cost-effective and in line with the MOU budget. Following the completion of the project on 21 May 2019, the community confirmed that the new town hall, which can accommodate up to 200 people, met their needs for a conducive meeting space.

Community council meetings are held regularly in the new town hall. Additionally, various community groups, such as those for youths, women and the elderly, are now able to use the new town hall for their activities.

Solar-powered potable water borehole

Minya, Ikot Enyiene and Ikot Nsung, Uyo Local Government Area, Akwa Ibom State

The solar-powered water borehole is a social impact project designed to provide potable water to three local communities, Minya, Ikot Enyiene and Ikot Nsung, located in the Uyo Local Government Area of Akwa Ibom State. The water borehole was commissioned and handed over to the community by Accugas on 3 August 2019.

Each water borehole has a storage capacity of 10,000 litres and the water produced is also used by other neighbouring communities, including Ikot Eken, Ikot Akpayang, Ikot Osong, Ikot Nseyen, Ikot Ofon and Ikot Ofiong, each of which has a population of around 1,000 people. The local community leaders sent letters expressing their gratitude to Accugas for the project which has positively impacted the lives of approximately 9,000 people.

Nigeria social impact projects in 2019

Youth Skills Development Centre

Creek Town, Odukpani Local Government Area, Cross River State

The Youth Skills Development Centre initially started as a community self-help project in Creek Town but was abandoned due to lack of funds. In 2015 four Eastern Pipeline ("EPL") project communities came together and nominated the Centre as their social impact project as part of the Memorandum of Understanding ("MOU") signed with Accugas on 8 April 2015. The MOU has 10 implementation committee members comprising four representatives from the local communities and three representatives each from the Government and Accugas respectively.

Accugas completed and handed over the new Youth Skills Development Centre on 23 January 2020. The Centre can accommodate about 30 people at a time during each training session. This project demonstrates how Accugas is supporting skills acquisition and development among youths in its host communities to empower them economically.

Economic empowerment

Accugas built and handed over a new palm oil processing plant to the Eyokponung Village in the Udung Uko Local Government Area, Akwa Ibom State, in fulfilment of our corporate social responsibility to the host community. The plant was commissioned on 25 July 2019.

Education

A new classroom block, in the Eket Local Government Area, Akwa Ibom State. The building, which comprises six classrooms, each with a capacity of 50 students, was completed as part of the requirement of the Uquo JV MOU on 13 February 2019.

Potable water

In line with the EPL project MOU, on 15 October 2019 Accugas completed the construction of a solar-powered water borehole with a 10,000 litre capacity storage tank for the Nung Oku Village in the Uruan Local Government Area, Akwa Ibom State.

A water borehole with a 5,000 litre capacity water storage tank, powered by an electrical generator, was constructed and donated by Accugas on 18 October 2019 to the Imam Village in the Ikot Abasi Local Government Area of Akwa Ibom State.

Infrastructure

A new administrative office block was built as part of the requirements of the Uquo Field MOU and donated to the Lutheran High School in Uquo, Esit Eket Local Government Area, Akwa Ibom State by Accugas on 13 February 2019.

The renovated Town Hall at Udombon Village in Ikot Abasi Local Government Area, Akwa Ibom State, commissioned and completed by Accugas on 14 February 2020.

Creating a social impact

Niger

US$600,000 invested in social impact projects since 2014

90% of employees drawn from local communities at our logistics base

Mohamed Silimane
Director of PR and Stakeholder Relations, Niger

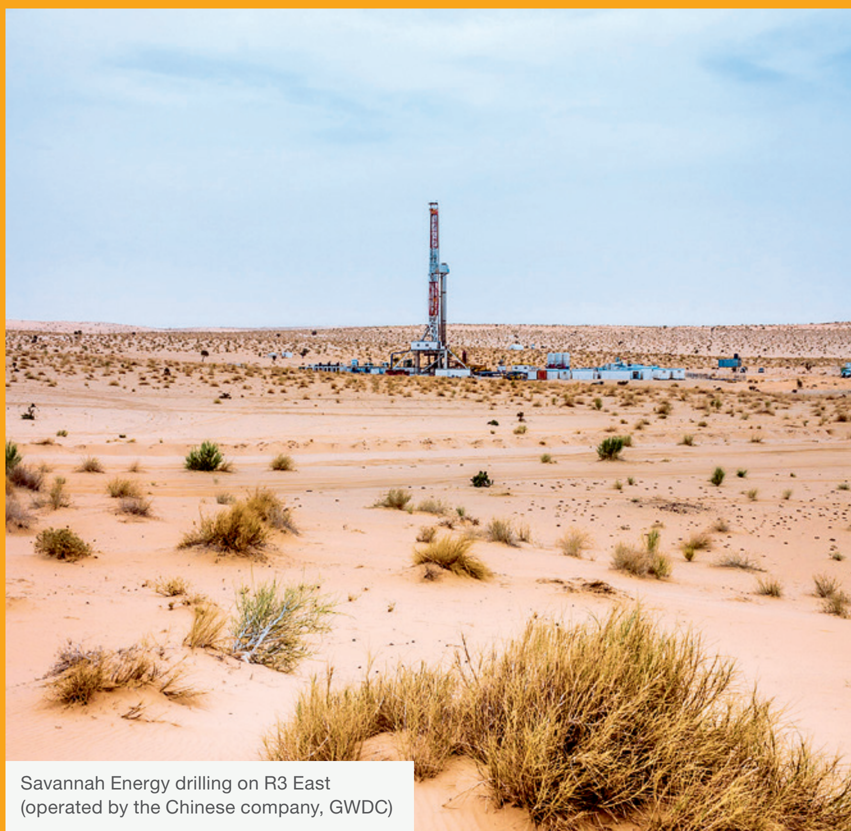
"Acting in a responsible manner towards our stakeholders is critical to our operations in Niger."

Acting in a responsible manner towards our stakeholders is critical to our operations in Niger. Savannah invests every year in a range of social impact projects which benefit the local communities of NGourti and Diffa near where we operate in Niger. In total, we have invested over US$600,000 since we commenced operations in the country in 2014.

Social impact projects are selected annually in consultation with the leadership of the local communities and the relevant local authorities. Our approach is focused on those projects which will positively impact living conditions, such as improvements in health and education, facilities for the provision of potable water and support for livestock. During 2019 Savannah invested in 10 social impact projects, including the drilling of two potable water wells, the construction of new classrooms and the provision of medical supplies to the NGourti clinic, as well as a range of other projects relating to health and education, the provision of shared infrastructure and the development of skills and fostering of economic self-sufficiency.

In addition, we and our subcontractors have a local content policy in place which includes recruiting local community residents whenever possible during drilling and seismic campaigns as well as sourcing as many local supplies for projects as possible. All of our employees in Niger are local, save one expatriate, while 90% of the employees at our logistics base are drawn from the surrounding communities in line with our local content policy.

Samples of the Eridal well, located on R3 East Sample, arranged in bags



Savannah Energy drilling on R3 East (operated by the Chinese company, GWDC)

Niger social impact projects in 2019

Livestock support

Sponsoring the vaccination and screening of livestock

The area around the community of NGourti is a popular livestock breeding area. This is due to its proximity to the regular seasonal migration routes of grazing animals, such as goats, sheep, cattle, camels, donkeys and horses, and to the abundance of local high-quality grazing land. As a result, livestock breeding is the most common agricultural practice in the area and is the main source of income for the local communities. The total livestock headcount from the latest census carried out in 2017 was estimated to be approximately 620,000, including approximately 80,000 cattle, 100,000 sheep, 175,000 goats and 230,000 camels.

Savannah became involved in this project following requests from representatives of the local community given the high grazing potential in the region. The livestock often face issues of disease and drought, which negatively impact the livelihood of the local breeders.

In 2019, Savannah sponsored a livestock vaccination and deworming campaign in which 20,000 camels were vaccinated and 800 were screened as a part of general health check up.

Savannah also worked with a local veterinary practice and organised a training programme for around 100 local breeders to help them improve animal feeding techniques for their livestock.

Drilling potable water wells

for the local NGourti community

The NGourti village is located in the extreme south-east of Niger within the Agadem region which covers an area of approximately 98,000km^2. It is about 268km north-east of the city of Diffa, the regional capital, and is bordered by the Bilma region to the north, the Tesker region to the west, the municipalities of Kabléwa and Nguigmi to the south, and the Republic of Chad to the east.

The Agadem region has a hot and semi-arid tropical desert climate; rainfall is scarce and sporadic in terms of both timing and location. Potable water is needed by the local communities within this region for household use as well as for their livestock, which is the main source of income for the local population. Water wells also provide an important social gathering place for people to meet up in the region.

Since 2015 Savannah has invested in the drilling of eight new water wells to serve the needs of local communities in the Agadem area, including two new wells drilled in 2019.

In accordance with our local content policy, which focuses on creating local wealth for the benefit of the communities in which we operate, a local construction company, Enterprise Agadem BTP/H, was selected to carry out the drilling and construction work.

Niger social impact projects in 2019

Savannah funded a Health Watch Mission

The Health Watch mission provided malaria screening tests to the Tesker community which neighbours NGourti and which, due to its isolation, does not have easy access to health facilities. 208 people were screened as part of the mission.

Health and medical support

In terms of health, the rural municipality of NGourti has three integrated health centres: NGourti, Kossotori and Blahardey. The main infections affecting the population of the area are acute respiratory infections, malaria and diarrhoea. The health system is characterised by low health coverage and access to health services. Medical evacuation remains very difficult given the condition of the rural roads and the high cost of fuel. Hence there is a need to provide health support to the local communities through medical supplies, donations and the development of health infrastructure.

Savannah completed the construction of the NGourti pharmacy in 2019. Savannah funded the construction of the pharmacy with approximately US$14,500 and also provides medical supplies to the dispensaries in the area every year. In 2019 it supplied pharmaceutical products to the NGourti district hospital and the Blahardey dispensary worth c. US$18,200.

Human rights, HSSE and our people

Human rights

Respecting human rights is a fundamental part of Savannah's commitment to protecting all of our stakeholders across the business. We have a stringent set of policies, regulations and work practices to ensure this commitment is upheld. We adhere to the Voluntary Principles on Security and Human Rights ("VPoSHR") as laid out by the Voluntary Principles Initiative and, as such, are committed to maintaining the safety and security of our operations, activities and projects in a way that ensures respect for human rights and fundamental freedoms.

We respect and promote the internationally recognised human rights as enshrined in the Universal Declaration of Human Rights and the International Labour Organisation's declaration on Fundamental Principles and Rights at Work. In addition, Savannah operates our own internally developed human rights policy and procedures, which themselves are in line with the United Nations Guiding Principles on Business and Human Rights.

A key aspect of Savannah's approach to, and implementation of, our human rights policy in the workplace is the requirement that all suppliers, service providers, partners and contractors shall understand, acknowledge and follow the same standards that are enshrined in the Company's Code of Ethics. Any person or organisation which does not follow and implement these stated principles shall be excluded from the Company's approved vendor list.

Savannah operates and applies a zero-tolerance policy towards any form of modern slavery and ensures that the rights of all workers operating within the Company's supply chains are protected throughout.

We work and co-operate with host governments to ensure any action taken by them is consistent with the protection and promotion of human rights. To underpin this operational management practice, Savannah organises and implements regular structured meetings involving governments and their assigned agencies, to discuss security and human rights in Savannah's areas of operations, activities and projects.

To reinforce the above measures Savannah also conducts regular security risk and threat assessments to examine patterns of violence in our areas of operations for educational, predictive and preventive purposes.

At the core of Savannah's management philosophy is "diversity in the workspace". We strongly believe that diversity throughout the organisation helps build a stronger workforce and improves business performance.

Therefore, Savannah is committed to being an equal opportunity 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.

Savannah strives to act in accordance with the ILO Core Conventions and continuously seeks out areas for improving the working environment for our employees and stakeholders. Furthermore, all Savannah employees and stakeholders are treated without discrimination, and a working environment and workspace is maintained whereby all employee rights and individual dignity is respected.

Meet Our People

Name: Moussa Chétima

Job title: HSE Officer, Niger

Role with Savannah: Moussa is responsible for the co-ordination between the environmental authorities in Niger and Savannah. He oversees the implementation of Savannah's HSE policies, ensuring a safe working environment. He has a Bachelor's Degree in Processing and Development of Mineral Resources from the University of Sciences and Technology, Oran, Algeria, and a diploma in Mining and Environment Engineering from the School of Mining, Industry and Geology, Niamey, Niger. He has also trained in first aid and fire safety at Niger Firefighters Brigade.

Health, Safety, Security and Environment

Savannah is committed to managing our operations in a safe, secure, reliable and environmentally sustainable way. We are also committed to acting in a responsible manner towards our people, contractors, service providers, local host communities and our other stakeholders. We consider that maintaining a high standard of health, safety, security and environmental ("HSSE") protection is critical to the ongoing success of the Company and the maintenance of our various "licences to operate".

Savannah's HSSE function reports its overall performance to the Company's Board of Directors through the Health, Safety, Security and Environment Committee.

The Company has developed and implemented a robust and extensive HSSE management system that corresponds to, and translates, the commitments contained in the relevant Company HSSE operational policies.

The Company's HSSE policies and management system have been developed in line with the related sectoral and global benchmarks and standards. The principal sectoral standards that Savannah currently utilises are the International Finance Corporation Performance Standards and the commitments enshrined in the VPoSHR.

The Company's HSSE key performance indicators Lost Time Injury Rate, TRIR, FAR and RTAIR were all recorded as zero in 2019. This reflects positively Savannah's commitment to keeping all our personnel and stakeholders safe and free from harm and also to minimising our impact on the environment.

From an environmental performance perspective, Savannah allocated sufficient resources during 2019 to its principal environmental policy commitments, including:

- to comply with all applicable legislation and to meet our regulatory commitments for the protection of the environment;
- to implement and achieve the targets laid out in our project-focused and operational environmental management plans;
- to efficiently monitor, measure and continually improve our environmental performance; and
- to deal effectively with all aspects of our waste management strategies via the implementation of the waste minimisation and management cycle i.e. reduce, re-use and recycle.

An example of Savannah's commitment to positively impacting the environment during 2019 was in the successful remediation of a number of sections of the Accugas pipeline right of way in Nigeria at a cost of US$1.1 million.

All of Accugas' environmental emissions during 2019 were recorded as being within the national, regional and local regulatory limits as prescribed by the relevant national environmental legislation.

An overview of Accugas' operational environmental performance in Nigeria in 2019 is as follows:

- **produced sand and hydrotest effluent:** no produced sand (no vessel de-sanding took place) and hydrotest water effluent during 2019;
- **produced water:** all produced water was transported from the assets and facilities for treatment and eventual disposal off site;
- **domestic sewage:** all domestic sewage (offices and facility based) was transported off site and disposed of by government-approved contractors;
- **facility storm (runoff) water:** all facility storm water runoff was successfully treated on site prior to discharge after the Department of Petroleum Resources and IFC Environmental, Health and Safety ("EHS") Guideline parameter values were met;
- **atmospheric emissions (point source):** air (atmospheric) emissions were measured throughout 2019 and were recorded as being within the parameter limits stipulated within the World Bank/IFC EHS Guidelines;
- **noise emissions:** similarly, noise limits stipulated by the above guidelines were also found to be within range for daytime operations, although not for night-time operations. The cause of this excursion was found to be faulty on-site power generators which necessitated the opening of the noise reduction enclosure doors. A contractor was appointed by Savannah to rectify this fault in Q4 2019; and
- **flared gas:** flared gas volumes principally originate from one operational central processing facility, the Uquo CPF, which is essentially a pilot/low pressure gas flare. The total annual flared gas volume has been greatly reduced from 114 MMscf in 2017 to 29 MMscf in 2019.

Our people

Savannah believes that an inclusive culture and diverse workplace are critical to maintaining a sustainable business and, as such, are important factors in the Company's ongoing and long-term success.

November 2019 saw Savannah complete the acquisition of a significant controlling interest in a large-scale integrated gas production and distribution business in Nigeria. As a result, we welcomed 131 new employees to the Savannah family.

To support the transition and onboarding process, Savannah implemented a new functional matrix organisational structure for the business which contained direct reporting lines to increase accountability and drive greater efficiency, as well as promoting faster decision-making throughout the enlarged organisation.

This transition process also dovetailed well with Savannah's overall recruitment philosophy of trying to leverage on the available local personnel and contracting markets.

This recruitment philosophy can be supported by the fact that Savannah has 143 local permanent employees and 34 local contracted staff within its organisational structure. We maintain a strong focus on continually training and upskilling our people and contractor personnel, and to that extent, conducted various training and awareness raising workshops during the course of 2019 as well as regular CEO town hall sessions.

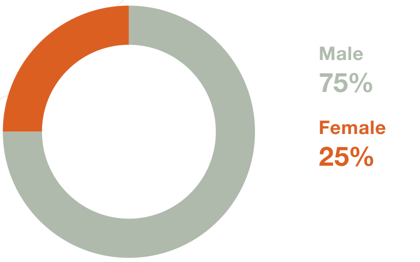
Savannah recognises that a high performance culture is a critical factor in enabling the organisation to achieve our corporate goals.

With this in mind, Savannah has developed and implemented a performance management process which ensures that managers, staff and related stakeholders meet on a regular basis to discuss and review individual levels of performance in relation to the requirements of the Company.

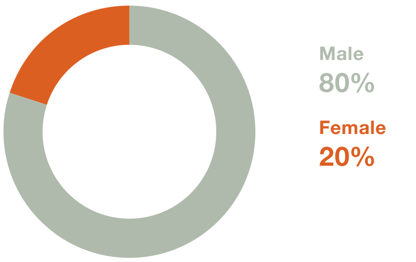
Gender and other equalities within the work and professional environment is a goal of the Company 25% gender diversity in leadership and senior management roles, and 20% gender diversity rate overall including support and operational roles.

Savannah is committed to achieving the high standards of conduct and accountability and a structure which allows employees to openly report legitimate concerns regarding regulations or Group policies, danger to health and safety, or other human resource matters.

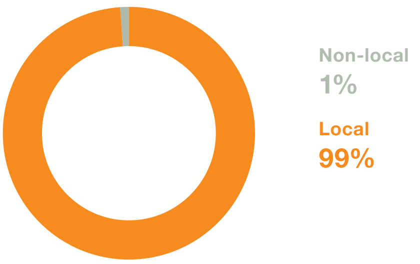
Leadership and senior management diversity:



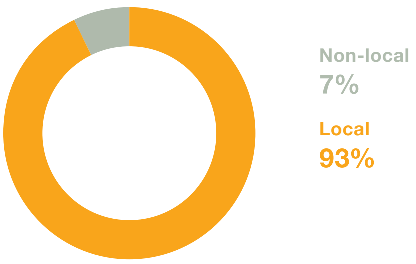
Total gender diversity:



Local employees Nigeria:



Local employees Niger:



Meet Our People

Name: Anne Ogboka

Job title: Senior Coordinator Administration & Facilities, Nigeria

Role with Savannah: Anne is responsible for administration and facilities management in Nigeria. She oversees all administrative functions covering space management, travel and logistics, facilities management, and office and estate management. She has a BSC in Political Science from the Delta State University, Nigeria and an MSC in Industrial and Labor Relations from the University of Lagos, Nigeria. She is a member of the International Facility Association of Nigeria Chapter, the Nigeria Institute of Management and the Chartered Institute of Personnel Management.

Accugas operates to IFC Performance Standards and World Bank EHS Guidelines

Savannah Energy and the International Finance Corporation Performance Standards ("IFC PS"):

The IFC PS, of which there are currently eight in circulation, coupled with the World Bank sector specific EHS Guidelines, represent an energy industry operational benchmark for the identification and management of all aspects of a Company's sustainable development, performance and reporting disciplines.

Savannah Energy's subsidiary 'Accugas' operates within, and is aligned to, the requirements of the IFC Performance Standards and EHS Guidelines. To achieve alignment to the IFC PS, Accugas has developed operational policies and implemented the associated management systems that are in line with the requirements of the IFC PS. Accugas has also developed and deployed an operational personnel management structure or organogram (both field and office based) that is both robust, extensive, experienced and fit for purpose.

A high level overview, with key points, of how Accugas achieved this level of alignment with the IFC PS during 2019 is as follows:

IFC PS 1 sets out a number of requirements for the assessment and management of the Company's environmental and social 'risks and impacts'. Accugas has achieved alignment to PS 1 via the development and deployment of:

1. specific and focused operational policies;
2. a process for the continual and ongoing identification and assessment of the Company's operational and project safety, environmental and social related risks and impacts;
3. a continually updated environmental and social management system ('ESMS');
4. a Company-wide emergency preparedness and response plan which is constantly tested and rehearsed at both bench top and field levels; and
5. a number of processes designed to monitor and measure the effectiveness of the above risk/impact management areas.

IFC PS 2 relates to the creation and deployment of systems that governs the Company's management of labour and working conditions. Accugas has achieved and maintained its alignment with this Standard via;

1. the creation and communication to the workforce of a Company policy that provides a framework of processes related to the engagement of staff and the associated terms and conditions of employment;
2. a communication to all staff informing how the Company complies with local, regional, national and international labour laws and where this information can be found; and
3. implementation of detailed exit management, grievance recording, forced labour compliance, child labour compliance and enforcement of equal opportunities' policies and processes.

IFC PS 3 describes an operational and project level approach to controlling the use by the Company of natural resources and also preventing/minimising any pollutive impacts arising from the Company's operations, activities and projects. Accugas has ensured compliance with this Standard via:

1. the development and implementation of both operational and project environmental management plans ('EMP');
2. the formation of a multi-disciplinary team to identify operational and project environmental and social risks;
3. the development of policies prohibiting the use of CFCs and ozone depleting gases throughout the Company; and
4. the development of a full suite of resource usage and emissions monitoring protocols and review processes.

IFC PS 4 key objective is to anticipate and avoid any adverse impacts on and to the health, safety and security of the Company's 'footprint' communities and other related stakeholders as a result of the Company's operations, activities and projects. Accugas achieved alignment the requirements of PS 4 by:

1. ensuring the design and engineering of all projects and pipelines met the related international standards for integrity, safety and performance thereby minimising/avoiding any risk to the footprint communities;
2. the inventorying and safe storage of hazardous material used by the Company;
3. minimising land usage and avoiding the loss of community natural 'buffer' areas such as wetlands, swamps, forests; and
4. education and sensitisation of the local communities with respect to possible emergency and security scenarios and their roles therein.

Land Resettlement

IFC PS 5 relates to the responsibilities and commitments of the Company with respect to the requirement for land acquisition and possible involuntary resettlement/physical displacement, and the avoidance of any adverse impacts on the land owners and community members such as income loss, livelihood or economic loss. During the implementation of any of its projects and operational activities, Accugas deployed a very carefully planned, constructed and extensive ‘Relocation Action Plan’ and ‘Livelihood Restoration Plan’ thereby ensuring that:

1. an accurate and up to date register of affected persons was implemented to ensure a fair and generous compensation package was offered to eligible land owners and displaced people etc; and
2. measures were also taken to ensure that, where possible, locations were chosen to avoid and/or minimise any potential impacts on communities.

Biodiversity

IFC PS 6 recognises that protecting and conserving biodiversity, maintaining ecosystem services and sustainably managing natural resources are fundamental to ‘Sustainable Development.’ Accugas ensured alignment with PS 6 via:

1. carefully identifying the Company’s impacts on biodiversity within the Environmental and Social Impact Assessment (“ESIA”) process;
2. where impacts on biodiversity could not be avoided, mitigation measures were developed and deployed; and
3. project planning always included the minimisation of land uptake where feasible and principles of erosion prevention were implemented.

Indigenous People

Nigeria has a long history of oil/gas exploration and production and is, therefore, a mature operator in the international energy sector. As such, many different tribes and peoples from all parts of the country have, over a long history, been attracted and migrated to the many employment offers and entrepreneurial opportunities that the development of the energy industry has realised over many years.

Consequently, no ‘one tribe or people’ can rightfully lay claim to a given city or region of operations where a potential energy development may be commencing or has been present for many years. Therefore, in line with the IFC interpretation of PS 7, it has been accepted that this particular Standard is non-applicable in Nigeria.

Cultural Heritage

IFC PS 8 key tenets are to protect cultural heritage from the adverse impacts of the Company’s operations, activities and projects and, where possible, to promote the equitable sharing of any benefits from the proven use of any encountered/observed cultural heritage. To achieve alignment with these tenets via:

1. Accugas has been careful in identifying and documenting all examples of ‘cultural heritage’ in its operational and project locations via the use of the ESIA and project planning processes and, via extensive field investigations and consultation processes (including literature surveys);
2. the considered decision by management to ‘avoid’ any/all community sites including shrines, graves, cemeteries, and community sacred places; and
3. the development and implementation of a ‘Chance Find’ standard operating procedure at the project planning and construction phases.

Focused around the right financial framework for growth

"

94% of the gas sales are backed by investment grade credit guarantees, including a World Bank supported Partial Risk Guarantee in the case of the Calabar NIPP gas sales agreement."

Isatou Semega-Janneh
Chief Financial Officer

The results for this year are dominated by the impact on both the income statement and the balance sheet of our transformational acquisition of the Nigerian Assets which completed on 14 November 2019. The balance sheet now consolidates the assets acquired comprising:

- the Accugas midstream business which owns and operates a 200 MMscfpd gas processing facility and a 260km pipeline network and benefits from long-term gas sales agreements with three downstream customers;
- the Seven Uquo Gas Limited ("SUGL") upstream business which holds a 100% economic interest in the producing Uquo gas field located in South East Nigeria; and
- the Universal Energy Resources Limited upstream business which holds an operated interest in the producing Stubb Creek field located in South East Nigeria.

The impact of this acquisition on the Statement of Financial Position is summarised below.

Impact of Nigerian Asset acquisition on Statement of Financial Position

	US$ million
Oil and gas and infrastructure assets	618.1
Other assets and liabilities and net working capital	23.5
Borrowings	(531.9)
Fair value of net assets acquired	**109.7**

Refer to financial statements: Note 29 "Business Combinations"

The acquired assets have been consolidated at the assessed fair value of the assets as at the date of acquisition in accordance with the appropriate accounting standards; the fair value of the consideration was US$99.5 million.

At the time of the acquisition of the Nigerian Asset our private equity partner, African Infrastructure Investment Managers, acquired a 20% ownership interest in the Uquo and Accugas businesses from Savannah for a total consideration of US$54 million. This interest is shown on the Statement of Financial Position under "non-controlling interests".

Result for the year

The Group's net loss after tax was US$96.9 million (2018: loss US$24.6 million), a result which includes just over six weeks of revenues and operational costs from the Nigerian Assets. The loss also reflects a number of exceptional items related to the acquisition totalling US$75.5 million, including a fair value adjustment of US$54.7 million and transaction expenses of US$29.7 million, offset by the gain on acquisition of US$10.2 million, arising from the difference in fair value of the assets acquired and the consideration paid.

Revenue:	Net cash inflow:	Cash balances:	Net debt:
US$17.8m	US$44.5m	US$48.1m	US$484.0m

We believe it is important for readers of our accounts to understand two key Income Statement impacts to our 2019 financial statements. Firstly, our results are impacted by significant transaction costs related to the acquisition of the Nigerian Assets. These costs were anticipated as part of the value proposition associated with the Nigerian Asset acquisition when it was commercially structured, however, they have been expensed rather than capitalised as part of the investment in these entities, in accordance with IFRS 3. Secondly, and more fundamentally, is the impact of take-or-pay accounting rules under IFRS 15 as regards revenue recognition for our gas sales agreements. Over 90% of our invoiced sales in 2019 arose from fixed price gas contracts with take-or-pay clauses. Under take-or-pay contracts, customers agree to buy a minimum amount of gas from us each year. This gas is either delivered to them, or the volume not taken, which is described as make-up gas, is effectively prepaid for by the customer for potential delivery in future periods. In the six week period post-acquisition, our customers had contracted to buy more gas than they ultimately requested delivery of so there was a significant difference between invoiced sales of US$31.1 million and revenue reported in our Income Statement of US$17.8 million, with the difference of US$13.3 million reported as an increase in contract liabilities ("deferred revenue") in the Statement of Financial Position. Similarly, on a pro-forma basis, full year invoiced sales were US$192.1 million compared to pro-forma revenue of US$132.3 million, a difference of US$59.8 million. It should be noted that had our customers requested the make-up gas to be delivered to them in the accounting period, then all of the invoiced sales would have been recognised as revenue in the Income Statement but our cash generation would have been the same in either case (as this reflects payments from customers regardless of whether they relate to delivered gas or make-up gas). It should therefore be emphasised that this take-or-pay accounting treatment is cash neutral.

In 2019, we delivered an Adjusted EBITDA of US$1.8 million for the year (2018: Adjusted EBITDA loss of US$13.4 million), on the basis of the revenues from the Nigerian Assets from the date of acquisition only. For indicative purposes, if the Nigeria Assets had been owned for FY 2019, the pro-forma Adjusted EBITDA of the Group would have been US$91.6 million. It should be noted that Adjusted EBITDA does not include the significant increase in deferred revenue discussed above.

Adjusted EBITDA and invoiced sales for take-or-pay volumes for 2019 and pro-forma to show impact if Nigeria Assets had been owned throughout 2019

	Year ended 31 Dec 2019 Group US$ million	Year ended 31 Dec 2019 Group – pro-forma US$ million
Operating (loss)/profit	(37.5)	8.2
Add back:		
Depletion, depreciation & amortisation	9.7	53.7
EBITDA[1]	(27.8)	61.9
Adjust for:		
Transaction costs	29.7	29.7
Adjusted EBITDA	**1.8**	**91.6**
Difference between invoiced sales and Revenue due to IFRS 15 take-or-pay accounting rules	13.3	59.8

1. EBITDA is calculated as profit or loss before finance costs, investment revenue, foreign exchange gains or losses, fair value adjustments, gain on acquisition, taxes, depreciation, depletion, and amortisation.

Sales volumes

From 14 November 2019 to 31 December 2019, sales volumes amounted to a total of 4.6 Bscf of gas and 14,300 bbls of oil, net to Savannah, at an average rate of 16.3 Kboepd during the period.

The gas produced from the Uquo field was sold to Accugas, our midstream gas processing and transportation business which delivered the processed gas to three customers, Calabar NIPP, Unicem and Ibom Power. The oil sales from the Stubb Creek field and condensate sales from the Uquo gas field were sold to a subsidiary of ExxonMobil.

Revenue

Revenue during the period since the acquisition of the Nigerian Assets amounted to US$17.8 million (2018: US$nil) of which US$16.9 million was for gas sales and US$0.9 million for oil sales.

The average realised price in 2019 for gas was US$3.64/Mscf and for liquids was US$64.0/bbl. It is of note that the gas revenue stream is insulated from fluctuations in oil price as the gas contracts are all priced entirely independently of oil prices. Additionally, 94% of our gas sales are backed by investment grade credit guarantees, including a World Bank supported Partial Risk Guarantee in the case of the Calabar NIPP gas sales agreement.

During this period in addition to the recognised revenue of US$16.9 million for gas delivered, the amount due from customers for the take-or-pay volumes in excess of gas delivered was an additional US$13.3 million. This amount is invoiced and recorded as deferred revenue in the Statement of Financial Position, under contract liabilities. All the gas contracts 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 141 MMscfpd on a maintenance downtime adjusted basis in 2019).

Result for the year continued

Revenue continued

Simplified worked examples of IFRS 15 take-or-pay accounting for an invoice of US$100

In order to provide clarity as to the cash neutrality of take-or-pay accounting rules, a theoretical simplified worked example is set out below. In all cases the cash payable is US$100 but the accounting treatment differs depending on whether gas is delivered or yet to be delivered.

- **Case 1:** US$80 is for gas that has been delivered to the customer, and US$20 is for gas that is due to be delivered to the customer in the future under take-or-pay terms
- **Case 2:** US$100 is for gas that has been delivered
- **Case 3:** US$100 is for gas that is due to be delivered to the customer in the future under take-or-pay terms

	Case 1 US$	Case 2 US$	Case 3 US$
Statement of Financial Position: Trade receivable, or cash received	100	100	100
Income Statement: Revenue for gas delivered	80	100	0
Statement of Financial Position: Contract Liability – gas invoiced/paid for (known as make-up gas) to be delivered in the future, when it will be recorded as revenue	20	0	100

Cost of sales

Cost of sales amounted to US$11.5 million (2018: nil) which includes US$1.5 million for facility operating and maintenance costs, US$0.7 million royalty expenses and US$9.1 million depletion and depreciation, of which US$3.2 million was for upstream assets depleted on a unit of production basis and US$5.9 million for midstream infrastructure and other assets which are depreciated on a straight line basis over their estimated useful life.

The average cost of sales was US$2.4/Mscfe, (US$14.7/boe) of which US$1.9/Mscfe (US$11.6/boe) was for depletion and depreciation.

Other items in the Statement of Comprehensive Income

Administrative and other operating expenses

Administrative and other operating expenses for 2019 were US$13.6 million (2018: US$13.4 million), which includes activity as the Group prepared to take over operatorship of the Nigerian Assets and, from November 2019, the employment costs of the staff who transferred to Savannah.

Net financing costs

Finance costs of US$12.2 million (2018: US$1.4 million) increased from 2018 in large part as a result of interest expense over the period from 14 November 2019 to the end of the year on the debt assumed with the Nigeria Assets. This was offset by finance income of US$1.4 million (2018: US$0.9 million) which arose from interest received on a loan made to Seven which was subsequently contributed as part of the acquisition cost.

Foreign exchange loss

The foreign exchange loss of US$12.7 million (2018: US$0.9 million) arises mainly from the fact that US Dollar denominated gas sales were collected in local currency converted at the Central Bank of Nigeria ("CBN") official rate.

In order to purchase US Dollars to service US Dollar obligations, Savannah is obliged to use the Nigerian Autonomous Foreign Exchange rate ("NAFEX"), which is the benchmark rate for foreign exchange spot operations in the investors' and exporters' foreign exchange window. During 2019 the CBN exchange rate was approximately 306 Naira/US$ and the NAFEX rate was approximately 360 Naira/US$, a 15% differential. This exchange rate differential was and continues to be included in our future planning assumptions. The foreign exchange losses are thus not a result of sudden unexpected changes in rates, rather the fact that two parallel rates exist which are accounted for in our forecasting. We are encouraged by the fact that post year end, in March 2020, the CBN adjusted the official rate, which has resulted in the differential between the CBN and NAFEX rates falling to 7%. The Nigerian Government has indicated to the World Bank that it will unify these two rates in the next 12 months.

These losses are in part recoverable through a foreign exchange "true-up" clause in the Calabar NIPP gas sales agreement ("GSA") whereby realised foreign exchange losses on this contract can subsequently be invoiced back to Calabar and recovered and recognised as a reduction in foreign exchange losses. However, there is a timing difference between when the initial foreign exchange loss is recorded and any amount is recovered and this resulted in an exchange loss of US$7 million in the period to 31 December 2019.

In addition, a one-off foreign exchange loss of US$5 million was recognised as part of the settlement agreement when Savannah took over operatorship of the Uquo gas project and the Accugas gas processing facility. These losses were largely accumulated foreign exchange differences from past transactions that were closed out on completion of transfer of operatorship of the Uquo gas project and final settlement of gas invoices between the joint venture partners. For the avoidance of doubt, these losses were anticipated and "priced into" our thinking at the time of negotiating the transaction.

Exceptional non-recurring items

Transaction costs

Transaction costs of US$29.7 million were planned for when we structured the Nigerian acquisition. The costs covered the multiple workstreams required to complete the acquisition of the Nigerian Assets and the associated restructuring of the debt that the Group assumed as part of the acquisition. These costs included legal, financial and advisory fees and regulatory fees payable to the Nigerian authorities on approval of the transaction. Costs also covered the renegotiation of agreements by which Savannah Group entities assumed effective operatorship of the Uquo Field gas project and the Accugas Central Processing Facility.

Fair value adjustment

In February 2018 the Company acquired US$305.6 million of 10.25% Senior Secured Notes ("the Notes") issued by the Seven Energy Group, from the note holders for cash consideration of US$41 million and the issue of 224 million new ordinary shares in the Company. This was the initial step in the acquisition of the Nigerian Assets. The Notes were accounted for on a basis of "fair value through profit or loss" which required fair value accounting at each reporting date. On acquisition of the Nigerian Assets, the Notes were revalued using a discounted cash flow approach based on the underlying assets upon which they were secured. The value of the Notes was reduced by a fair value adjustment of US$54.7 million and the remaining revalued amount of U$34.3 million was contributed as part of the acquisition consideration.

Gain on acquisition

An overall gain on acquisition, or "bargain purchase", of US$10.2 million is recognised, being the excess of the fair value of net assets acquired over the fair value of consideration transferred. For further detail in this respect refer to financial statements: Note 29 "Business Combinations".

Loss before tax

The resulting loss before tax including the exceptional non-recurring items above was US$105.4 million (2018: US$24.6 million).

Tax credit

The tax credit of US$8.6 million (2018: nil), is made up of a current tax charge of US$0.3 million and a deferred tax credit of US$8.9 million. The current tax charge includes minimum tax introduced in Nigeria after the year end.

The deferred tax credit principally arises on losses generated in Nigeria which are expected to be utilised against future profits.

Loss after tax

The loss after tax amounted to US$96.8 million (2018: US$24.6 million) of which US$4.3 million is attributable to minority shareholder interests and US$92.6 million to equity owners of the Company.

Statement of Financial Position

The acquisition of the Nigerian Assets has had a material impact on the Savannah Group and its financial position, which is reflected in the Statement of Financial Position. Property, plant and equipment increased to US$618 million (2018: US$2 million) of which US$452 million relates to the midstream gas processing and transportation assets in Accugas and US$164 million to the upstream oil and gas assets. Total Group assets now amount to US$1,145 million (2018: US$266 million).

Debt

The net debt at year end for the Group was US$484.0 million (2018: US$13.1 million). The material increase in debt is a result of the acquisition of the Nigerian Assets during the year. At the time of the acquisition, US$532 million of debt was assumed with these debt facilities secured solely on the Nigerian Assets, with no recourse to the other assets of the Group.

The following is a summary of the key debt facilities:

- Accugas Limited has a US$382 million term loan facility with a final maturity date of 31 December 2025 with principal repayments of a varying and increasing percentage every six months over the life of the facility. This facility also has a cash sweep feature which will trigger mandatory prepayments from free cash flow. The interest rate on this facility is US LIBOR plus 10.49%;
- SUGL has a US$105 million senior secured note, with an interest rate of 8%, which matures on 31 December 2026 with principal repayments of US$4.2 million every six months and the balance due on maturity;
- SUGL has a term facility of Naira 4.8 billion (US$13.2 million) with interest of NIBOR plus 5% and principal repayments of US$0.5 million every six months and the balance due on maturity on 31 December 2026;
- Accugas Holdings UK plc has a US$20 million senior secured note with a cash interest rate of 6%, or a payment-in-kind interest rate of 8%. This note can be redeemed before 14 November 2021 at a cost of US$10 million, an amount which increases by 10% for each year later that it is redeemed. The note is carried at an initial fair value of US$17.9 million. This note has a final maturity in 2025;
- Accugas Holdings UK plc also has a promissory note of US$11.5 million with an interest rate of 8% or payment-in-kind interest of 10%, with principal repayments of US$0.5 million every six months from 30 June 2021 with the balance due on maturity on 31 December 2025; and
- Savannah Petroleum Niger has a FCFA 7.5 billion (US$12.8 million) revolving credit facility with an interest rate of 7.5% and the final maturity date is December 2022.

Statement of Financial Position continued

Debt continued

The Group enjoys strong relationships with its supportive banking group which, apart from our lending bank in Niger, is predominantly comprised of Nigerian banks and institutions and their UK-based subsidiaries.

In the eight-month period since the Nigerian Assets were acquired there has been a notable deleveraging, with the principal amount of debt reduced by approximately US$44 million (of which US$24 million has been repaid in the first half of 2020).

Receivables and payables

The Group has trade and other receivables of US$99.8 million (2018: US$22.4 million). The trade receivables of US$49.9 million represent amounts due from gas customers in Nigeria under the current GSAs in place. This amount is net of an expected credit loss ("ECL") provision of US$42.2 million assumed at acquisition of the Nigerian Assets. We are required to recognise ECLs based on historic performance according to IFRS 9. Management does however expect customer performance to improve and believes that this provision will be released as the legacy receivables are recovered and invoices are settled more promptly going forward than during the pre-acquisition period. This view is supported by the fact that payments for gas supply to the Calabar power station are backed by a World Bank Partial Risk Guarantee, which would only be invoked once all other commercial avenues have been exhausted.

The Group has trade and other payables of US$133.9 million (2018: US$23.5 million). Of this total, US$103 million relates to historic legacy issues in the Nigerian businesses, largely dating back to the period 2014-2017. A substantial amount of these legacy payables is expected to be settled on a non-cash basis and management is currently working with the various counterparties to resolve these outstanding positions. The other components of total payables are trade payables, taxes and other similar items which are settled in the normal course of business.

Cash flow

The cash balances at 31 December 2019 amounted to US$46.3 million (2018: US$1.8 million), plus US$1.8 million of restricted cash.

The net cash outflow from operating activities was US$12.3 million (2018: US$32.4 million), which included the transaction costs, incurred in line with expectations, in the Nigerian Assets acquisition. These operating activities included cash inflows during the period from 14 November 2019 to 31 December 2019 from oil and gas sales of US$43.3 million (US$42.4 million for gas and US$0.9 million for oil).

During the year, payments for property, plant and equipment amounting to US$1.7 million (2018: US$1.4 million) were made plus US$5.7 million (2018: US$19.4 million) paid for exploration and evaluation costs which were mostly in relation to the Production Sharing Contract obligations in Niger. In 2019, the Company advanced additional funds of US$11.3 million to support Seven with its ongoing costs prior to the acquisition. This loan, along with amounts previously advanced, was used to form part of the purchase consideration on completion of the acquisition.

Financing activities during the year provided net funds of US$65.9 million (2018: US$96.7 million), the primary constituents being net proceeds from equity issued of US$29.9 million and funds received from Africa Infrastructure Investment Managers that were attributed to the acquisition of a 20% interest in Accugas and SUGL.

At the date of completion, the acquired entities in Nigeria had cash of US$10.5 million, which along with other Group balances and cash collections resulted in year-end cash balances of US$46.3 million.

Brexit

Savannah's operations are primarily based in West Africa, with its corporate head office in London. The Board of Directors is of the view that our operations are therefore unlikely to be directly impacted in any material way by the United Kingdom's exit from the European Union.

COVID-19

We are taking measures to mitigate the business impact associated with the ongoing COVID-19 pandemic, which has sadly emerged following year end. The full extent of the COVID-19 outbreak and the adverse impact this may have on our workforce and key suppliers, and its impact on the global economy and the energy industries, remains unclear at the time of writing. However, we have witnessed some short-term impacts on our supply chain and planned work programmes particularly where overseas vendors and contractors are required to make visits to install and commission equipment.

Going concern

The funding and liquidity position of the Group has fundamentally changed over the course of 2019 and it is now a material cash-generative business. We recognise that this change in business mix also brings risks that must be considered when looking at the funding and liquidity position. Having reviewed the forecasted cash flows and applied a significant range of sensitivity analyses to these projections, the Directors consider that the Group has sufficient resources at its disposal to continue operating for the foreseeable future.

Isatou Semega-Janneh
Chief Financial Officer & Company Secretary

18 August 2020

Principal Risks and Uncertainties

How we manage risk

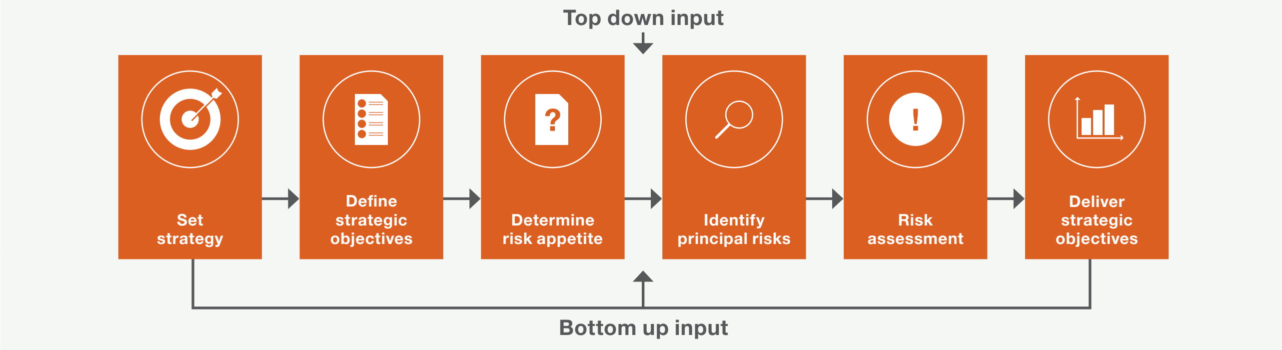
Savannah takes a proactive, robust approach to risk management, with the aim of protecting our stakeholders and safeguarding the interests of the Group. Our ability to identify and successfully manage risks is a critical part of ensuring the success of our business and of protecting shareholder value.

The identification and assessment of risks that threaten the Company's business model, future performance, solvency or liquidity and the development of action plans to manage and mitigate those risks are integral parts of the Group's business process.

Comprehensive risk registers are maintained and reviewed on a dynamic basis at the corporate and asset levels.

Set out below are the risks and uncertainties which the Directors consider particularly relevant to the Group's business activities at the date of this report. In a changing business environment, other risks and uncertainties are assessed as part of the Group's risk management framework and are mitigated as they arise.

Group risk management framework:



Key risk factor	Potential impact	Mitigation
1. Gas payments risks	The Group's revenues from gas production in Nigeria are derived from long-term contracts with its customers. These customers may fail to fulfil their contractual obligations, particularly in respect of the payment of invoices in accordance with the contractual terms. This could have a material impact on the Group's cash flows and may result in the Group being unable to fulfil its obligations, particularly in respect of meeting scheduled debt service payments.	The Group has put in place credit support arrangements for all its gas sales agreements, including parastatal guarantees and investment grade letters of credit, to mitigate this risk. In particular, the Calabar gas sales agreement, which is the Group's most material gas sales agreement representing over 65% of contracted gas sales revenues, is supported by a World Bank Partial Risk Guarantee. The impact of COVID-19 on the global economy, the Nigerian economy and our customers' businesses has inevitably increased the risk of late payments in 2020 compared to last year with a consequential impact on the Group's liquidity.

Key risk factor	Potential impact	Mitigation
2. Financing, liquidity and foreign exchange	The financing, liquidity and foreign exchange risk of the Group increased in 2019 as a result of the completion the Nigerian Asset acquisition. The Group now has materially higher levels of borrowing and a greater exposure to foreign exchange volatility (as described in the Financial Review). In addition, the Group is now revenue generative and is dependent on these revenues to fund operations, service its debt and generally manage its liquidity. Whilst the majority of revenues are received under fixed price gas contracts, the Group is exposed to fluctuations in commodity prices through its oil revenues received from Stubb Creek. The Group is also exposed to fluctuations in foreign currencies, principally the Nigerian Naira and West African CFA.	The Group closely monitors its liquidity position and forecast cash flows to manage its risk exposures at both a Group and individual entity level. The Group applies appropriate mitigation tools for these risks including potential hedging of commodity and foreign exchange risk. The Group does not take any speculative hedging positions.
3. HSSE and maintaining our social 'licence to operate'	Due to the nature of our business and operations, there is a risk of major incidents resulting in loss of life, pollution of the environment and community and third-party claims. Therefore, HSSE risks, should they materialise, could have an adverse effect on the Company's earnings and financial condition, in addition to operational disruption or delays.	We have standards and clear policies to help manage potential impacts. They are defined in our Health, Safety, Security, Environment and Social Management Systems. The HSSE and CSR teams provide assurance on the effectiveness of these systems to management. The Company has now assumed full operatorship responsibilities for the Uquo CPF giving it control over HSSE risk management for this critical operation. The Group has comprehensive all-risk insurance in place.
4. Producing asset integrity and operational risk of Nigerian Assets	The Group's producing asset portfolio is currently located exclusively in Nigeria. Failure to proactively maintain the assets, comprising producing wells and flowlines, the gas processing facility and gas distribution and oil export pipeline, could lead to downtime or failure to meet contractual obligations leading to loss of revenue and other contractual implications.	The Group has a comprehensive maintenance programme in place to ensure integrity of its facilities. This include regular inspection, clearing and maintenance of pipelines and their rights of way, as well as stocking the right spares to ensure continuous operations. Additional gas wells are planned to be drilled over the coming years to maintain gas production capacity to meet contractual obligations.
5. Nigerian production risk	Existing or future production wells may perform below expected rates, which could impact the Group's ability to deliver gas to customers and evacuate crude to the Qua Iboe Terminal or could result in increased field development and loss of revenue.	Savannah monitors the production data on a daily basis and has integrated subsurface/surface models for analysing well and reservoir performance against expectations and taking remedial actions.

Key risk factor	Potential impact	Mitigation
6. Exploration and appraisal risks	Exploration and appraisal of oil and gas is speculative and involves a high degree of risk. The Group may not discover hydrocarbons in commercial quantities and those discovered may not be developed into profitable production. Drilling activities and results may be impacted by a variety of risks which are beyond the control of the Group including, but not limited to, unusual or unexpected geological formations, formation pressures and geotechnical factors.	The Group has rigorous processes and procedures in place to assess the risks associated with its exploration and appraisal activities and engage appropriate consultants to supplement its in-house expertise. The acquisition and re-processing of seismic data and use of advanced reservoir characterisation techniques assists with the mitigation of subsurface and technical risks associated with the Group's exploration activities.
7. Commercialisation of Nigerien discoveries	An inability to appraise and develop the Group's discovered resources in Niger in a timely manner could materially reduce the value of these resources to the Group.	A feasibility study for the Company's planned R3 East domestic-focused development has been submitted to the Ministry of Petroleum ("MEP") in Niger, setting out detailed plans to develop the resources discovered in 2018. An MOU has also been signed with the MEP which confirms the Republic of Niger's intention to enable the Group to access third-party infrastructure.
8. Country Political Risk	Disruption to our business or operations caused by political or regulatory influence in Niger and Nigeria.	Continuous, open engagement with regulators and other authorities in our countries of operation. Strict avoidance of any forms of political alignment, support or engagement. Regular contact maintained with key senior Government personnel (e.g. The office of The President, Minister of Energy, Minister of Finance) and institutions (Department of Petroleum Resources).
9. Ethical conduct	Bribery and corruption present a risk throughout the global oil and gas industry and represent an ongoing risk to any company operating in this industry. A major breach of our values, code of conduct or material contractual agreements could damage the Company's reputation or impact our financial position.	The Group has robust compliance policies and procedures in place, employs third-party due diligence and operates a confidential whistleblowing service accessible to all employees. Staff and contractors are given regular and extensive training in these policies and procedures. A Board-level Compliance Committee convenes quarterly and on an ad-hoc basis as required. The Company's Chief Compliance Officer and Head of Risk has responsibility for compliance matters at an executive level within the Group. The Group has completed full anti-bribery training for all global employees and raised awareness at all levels.
10. Retention of key employees	The ongoing growth and success of the Group will be driven by the quality of talent within the business. The recruitment and retention of key employees is therefore critical and an inability of the Group to do this could have a negative impact on plans and results.	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 for key employees have been put in place to support retention. Key employees are part of ongoing talent review processes to ensure the risk of leaving is mitigated.

The Strategic Report has been approved by the Board and signed on its behalf:

Andrew Knott
Chief Executive Officer

18 August 2020

Board of Directors

Experienced and entrepreneurial leadership

Standing, left to right: Mark Iannotti (Non-Executive Director), Sir Stephen O'Brien (Vice Chairman), David Clarkson (Non-Executive Director), Steve Jenkins (Chairman), Andrew Knott (Chief Executive Officer), Michael Wachtel (Non-Executive Director)
Seated, left to right: David Jamison (Non-Executive Director), Isatou Semega-Janneh (Chief Financial Officer)

Steve Jenkins
Chairman

Appointed: Jul 2014

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 appointments: Chairman of the Oil and Gas Independents Association; Non-Executive Director of Talon Petroleum Limited; and Non-Executive Director of Viaro Energy Limited.

Sir Stephen O'Brien
Vice Chairman

Appointed: Dec 2017

Experience: Sir Stephen is a former UN Under-Secretary General for Humanitarian Affairs and Emergency Relief Coordinator. 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; global public health.

External appointments: 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: Jul 2014

Experience: Andrew is the principal founder of Savannah and has been the Company's CEO since inception. As such, he has led all of the Company's key growth initiatives, including the acquisition of the Niger PSCs and the Company's expansion into Nigeria. 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: Deep knowledge of and contact network within the oil and gas industry; experienced leader with a proven track record of identifying, financing and successfully managing projects in emerging market environments.

External appointments: n/a

Isatou Semega-Janneh
Chief Financial Officer

Appointed: Dec 2017

Experience: Isatou is an accountant with over 18 years' experience. Prior to joining Savannah, she spent nine years with BP, most recently as Financial Controller for operations in North Africa. Isatou has extensive experience of financial and regulatory compliance in emerging market oil and gas environments and of managing large, multi-country finance teams. Since joining Savannah, Isatou has strengthened the Company's financial reporting framework, processes and procedures and played a key role in the negotiation and implementation of the Seven Energy Transaction.

Key strengths: Chartered Certified Accountant; robust understanding of the financial, commercial, regulatory and compliance aspects of managing an oil and gas company.

External appointments: n/a

Board tenure

1-3 years
50%

3-6 years
50%

Composition of the Board

Executives
2

Non-executives
6

Skills and experience

Energy markets	88%	Operations	75%
Strategy	100%	Local context	88%
Finance	88%	UK Governance	100%
Risk	100%	Compliance	100%

Committee memberships:

Audit and Risk Committee · Remuneration and Nomination Committee · Compliance Committee · Health, Safety, Security and Environment Committee · ⊕ Denotes chairperson

David Clarkson
Non-Executive Director

Appointed: Dec 2017

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 operations.

External appointments: Non-Executive Director of Adergy Limited.

Mark Iannotti
Non-Executive Director

Appointed: Jul 2014

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 appointments: Non-Executive Director of Rocksteady Restaurant Enterprises Limited.

David Jamison
Non-Executive Director

Appointed: Jul 2014

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 appointments: Aquila Energy International Limited.

Michael Wachtel
Non-Executive Director

Appointed: Dec 2017

Experience: Michael is the Senior Equity Partner for Corporate, Oil & Gas and the Africa Practice at Clyde & Co LLP, a leading international law firm. Michael's practice has a strong emerging markets focus and provides companies with a full range of legal services including corporate, M&A, financing and compliance. His clients include oil and gas majors, junior oil & gas and resource companies and service companies. Prior to entering law, Michael worked as an oil and gas field engineer in various African countries for Schlumberger and Geoservices.

Key strengths: Corporate lawyer; comprehensive understanding of compliance, regulatory, legal matters as well as corporate financing and M&A expertise in the oil and gas industry.

External appointments: Senior Equity Partner at Clyde & Co LLP.

Chairman's Introduction to Governance

Focus on developing a growing, sustainable business

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

Steve Jenkins
Chairman

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 planning and internal control.
- Developing leadership and succession plans.
- Maintaining strong relationships with key stakeholders.

In 2019 we reached a significant milestone in our corporate history as we announced the completion of the transformational Seven Energy Transaction, with Savannah becoming a full-cycle oil and gas company and one of the leading oil and gas producers in the London market. Consequently, the Board continued to devote a significant amount of time to reviewing and adapting Savannah's governance arrangements to ensure that these remain appropriate for the larger Group and allow for effective oversight of the Company's operations.

The development and implementation of our strategy and monitoring of our progress against key strategic objectives remains one of the main areas of focus for the Board. The Board has also focused on overseeing how the Company is embedding commitment to environmental, social and governance matters in its culture and across all its operations. We recognise our responsibility for the proper management of the Company, the importance of sound corporate governance and engaging with our shareholders and wider stakeholders.

David Clarkson has served on the Board as a Non-Executive Director since 2017 and in June 2018 he was appointed as the Company's interim Chief Operating Officer. In December 2019, following an appointment of a Chief Operating Officer, David returned to his role as a Non-Executive Director. We thank David for his significant contribution as we executed on our Niger drilling campaign in 2018 and conducted the acquisition and integration of our Nigerian Assets in 2019. Given his experience and expertise, the Board considered that it was both appropriate and beneficial that he continued to chair the Health, Safety, Security and Environment Committee during this period. We are grateful to continue to benefit from his wealth of knowledge and experience as he continues to serve as a Non-Executive Director on the Board.

Our governance framework continues to evolve as the Company develops and grows in both size and complexity. In this Report, we aim to demonstrate to our shareholders and wider stakeholders 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 pages 78 to 81 explains in detail my role, the role of the Board and how Savannah has applied the principles of the QCA Code.

Steve Jenkins
Chairman

18 August 2020

Applying 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. In 2019, Savannah formally 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 pages 78 to 81 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 which promote long-term value 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 and Our Stakeholders.

Principle 3:

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

See Strategic Report, in particular S172 and Our Stakeholders, Creating a Social Impact 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 S172 and Our Stakeholders, Creating a Social Impact, as well as Corporate Governance Report – Shareholders and Other Stakeholders sections.

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 Section 172 and Our Stakeholders on pages 16 and 17 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 of Directors
Chairman, Vice Chairman, Executive Directors and Non-Executive Directors

Audit and Risk Committee

Remuneration and Nomination Committee

HSSE Committee

Compliance Committee

Executive Team
CEO, CFO, COO, Head of Strategy, Group Treasurer, Niger Managing Director, Head of Commercial, Head of Compliance, Head of Legal, Head of HR, Head of Corporate Affairs

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 on pages 82, 86, 96 and 97. The terms of reference of each Committee are available on the Company's website at https://www.savannah-energy.com/en/AIM.

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, 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 a team at Link Company Matters, who provide 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 2019.

Director	Board[2]	Audit and Risk	Remuneration and Nomination	HSSE	Compliance
Steve Jenkins	10/11	—	2/2	4/4	—
Sir Stephen O'Brien	9/11	3/3	—	4/4	—
Andrew Knott	11/11	—	—	—	—
Isatou Semega-Janneh	11/11	—	—	—	—
David Clarkson[1]	10/11	—	—	4/4	4/4
Mark Iannotti	11/11	3/3	2/2	—	3/4
David Jamison	10/11	—	2/2	—	3/4
Michael Wachtel	10/11	2/3	—	—	4/4

1. David Clarkson, appointed as COO in June 2018, stepped down as a member of the Audit and Risk Committee and continued to attend the meetings as a guest.
2. In cases where Board meetings were called at short notice to address a specific item, it may have been the case that certain directors were unable to attend due to schedule conflicts. In these cases the directors who were unable to attend were appropriately briefed on the proceedings.

Composition and qualifications of the Board

The Board currently comprises eight Directors: the Non-Executive Chairman, the Non-Executive Vice Chairman, four Non-Executive Directors and two Executive Directors (the CEO and CFO). The names and responsibilities of all current Directors are set out on pages 74 and 75.

David Clarkson, who has served on the Board since 2017 as an independent Non-Executive Director, was appointed initially as Chief Operating Officer in June 2018 and, in that role, David was accountable for all aspects of the Company's technical and operational activities, including HSSE, executing capital investment plans, work programmes, budgets and delivery of capital or exploration projects and building Savannah's operational capability in line with the Group's growth strategy. In December 2019, following the appointment of Antoine Richard as the Company's Chief Operating Officer, David stepped down from his executive role and resumed his valuable service to the Company in the capacity of a Non-Executive Director.

The Directors' biographies on pages 74 and 75 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. As last year, the Directors carefully reviewed the skills, capabilities and experience they bring, which informs the review of the Board's effectiveness and contributes to discussions on long-term succession planning. The review demonstrated that the Board as a whole has the necessary mix of experience, skills, personal qualities and capabilities, which include industry, strategic, operational, risk management, financial, legal, geopolitical and regulatory experience. 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. Through delegation from the Board, he is responsible for managing the day-to-day operations and the implementation of the strategy of the Company. The Company's performance and development planning is 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 of the 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, Mark Iannotti, Chairman of the Audit and Risk Committee, David Jamison, Chairman of the Remuneration and Nomination Committee, Michael Wachtel, Chairman of the Compliance Committee and David Clarkson, Chairman of the Health, Safety and 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, was deemed to have met the criteria for independence set out in the QCA and UKCG Codes upon his appointment.

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 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 92.

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 up to six days and up to 2.5 days a month to the Company's matters respectively. The Board concluded that all Directors continue to be effective and committed to their roles and have sufficient time available to fulfil their responsibilities.

Board evaluation

In line with the recommendations of the QCA Code, the Board undertook an evaluation of its performance, that of the Chairman, the Board's Committees and individual Directors, through a detailed questionnaire followed by discussion to assess the effectiveness of the current activities and processes and to identify any possible areas for improvement. The questionnaire focused on the following areas:

- balance of matters discussed at Board meetings;
- communications with shareholders and other stakeholders;
- effectiveness of the Chairman and the individual Directors;
- work of the Board Committees;
- relationship between the Non-Executive Directors and the Executive Directors; and
- governance arrangements.

The results were anonymised and the findings were presented to the Board for review. The results suggested that the Board, its Committees and the individual Directors were effective in their performance. Actions arising from recommendations to further improve the effectiveness of the Board are being implemented, and include devoting an even greater amount of time to succession planning, in particular at executive and senior manager level, and a more structured oversight of performance and strategy implementation against plans and KPIs across the Group.

The Chairman continues to offer the Non-Executive Directors the opportunity to meet regularly, as necessary, in the absence of the CEO and CFO.

Ethical conduct and culture

Savannah's purpose is to provide sustainable energy to Nigeria and Niger though exploration and production assets and, in doing so, 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 a whistleblowing hotline and other mechanisms that enable the employees to raise any concerns without fear of penalty or punishment. The Compliance Committee regularly reviews whether these arrangements continue to function effectively.

The Company has adopted an Anti-Corruption and Bribery 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 Group employees and is provided to any new joiners and consultants employed by the Group, to ensure it is embedded across the organisation and jurisdictions. All Group employees are required to confirm receipt of the 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.

Stakeholders

Employees

Savannah's values are Integrity, Sustainability, Teamwork, Excellence and Entrepreneurialism. The Company believes that 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 pages 12 and 13.

At the end of 2019 Savannah had 169 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. The CEO and the Investor Relations team maintain regular dialogue with major institutional investors and analysts and provide the Board with regular reports on investor and analyst feedback. The Company holds investor roadshows throughout the year as appropriate. The Company's representatives participate in a number of investor events. Presentations to investors are posted on the Company's website at www.savannah-energy.com. The CEO is available to meet with institutional investors to explain the Group's strategy and performance and listen to investors' views. The Chairman and Non-Executive Directors are also available to meet with shareholders on request. The AGM is usually also another opportunity for shareholders to meet and speak to members of the Board directly and the Company will keep shareholders updated on any opportunities to interact with the Board. 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 48.

Audit and Risk Committee Report

Evolving procedures, policies and systems

Members	Meetings attended	Member since
Mark Iannotti (Chair)	3/3	Chair since January 2015
Sir Stephen O'Brien	3/3	January 2018
Michael Wachtel	2/3	January 2018

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.
- Reviewing and monitoring compliance policies and systems, including the prevention and detection of fraud and tax evasion.
- Monitoring compliance with applicable regulations.
- Reviewing and approving the annual audit plan and reviewing the audit findings with the external auditor.
- 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 regards to: reviewing the financial reporting process, the system of internal controls and management of risk, the audit process and the procedures for monitoring compliance. Any significant findings raised by the external auditors during their 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

During 2019, David Clarkson attended the Audit and Risk Committee meetings as an observer, due to his role as the Group's interim Chief Operating Officer ("COO") between June 2018 and December 2019. Following the appointment of Antoine Richard as the new COO on 12 December 2019, David stepped down as COO and resumed his role as a Non-Executive Director of the Company. Given David's experience and expertise, it was considered both appropriate and beneficial that he also resume his role as a member of the Committee for future meetings.

The Audit and Risk Committee continues to be chaired by Mark Iannotti, who, along with its other members, Sir Stephen O'Brien and Michael Wachtel, are considered to be independent Non-Executive Directors of the Company. Mark 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, 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 Chairs have the discretion to agree which is the most appropriate Committee to fulfil any obligation. The terms of reference for the Audit and Compliance 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 2019, the Committee:

- considered whether the oversight of risk should be transferred to the Compliance Committee following Richard Blaksley's appointment as Head of Risk, alongside his responsibility as Chief Compliance Officer. Following careful consideration by both Committees and the Board, it was agreed that risk oversight would remain within the Audit and Risk Committee's remit, and Richard has been invited to attend future Committee meetings as required;
- 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, all of which included consideration of the financial and risk impacts of the Nigerian Assets acquisition;
- reviewed the latest management accounts at each meeting to assess the Group's financial position on a regular basis;
- considered the impact of the implementation of IFRS 16: Leases;
- considered the external auditor's audit plans and reports on the full and half-year results. Given the timings of the completion of the Seven Energy Transaction, and its resulting impact on other workstreams and planning, an ad-hoc Committee meeting was held in February 2020 to consider the external auditor's plan for the 2019 full-year results;
- reviewed and recommended the re-appointment of Grant Thornton UK LLP as the external auditor for the Group;
- reviewed the need to establish an internal audit function. The Committee recommended that an assessment of the need for an internal audit function be carried out during 2020, given the increased size and complexity of the Group following the completion of the Seven Energy Transaction. Since the year end, this has been considered further and the Committee has agreed with the CFO's recommendation to establish an internal audit function for the Group in due course. Consequently, the Committee is currently considering the scope of the internal audit function and appropriate arrangements. Further disclosures will be made in the 2020 Annual Report; and
- assessed the internal controls and risk management systems and procedures within the Group.

Significant issues related to the financial statements

In respect of the year ended 31 December 2019, 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:

- management override of controls;
- oil and gas revenue;
- acquisition of Nigerian Assets;
- investments;
- deal fee expenditure;
- related party balances and transactions;
- take-or-pay;
- implementation of IFRS 16, Leases;
- deferred tax asset;
- foreign exchange gains/losses;
- exploration and evaluation assets;
- tangible oil and gas assets;
- receivables from trade;
- decommissioning;
- deferred revenue/contract liabilities;
- borrowings; and
- going concern.

Supporting effective management of risk and internal controls

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;
- 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; and
  - 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, Travel and Entertainment and Petty Cash policies.

The Board has undertaken a review of the effectiveness of the Group's risk management and internal control systems, based on a report from the CFO, which provided comfort regarding all material controls, including financial, operational and compliance controls. 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 2019, the Board also considered cyber security resilience and discussed whether any changes were required following the completion of the Seven Energy Transaction.

The principal risks faced by the business, their potential impact and how they are mitigated are described in the Principal Risks and Uncertainties section, on pages 71 to 73.

The Group's whistleblowing, anti-bribery and corruption controls are described on page 81.

Annual 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. The Committee agreed that a review of the Group's whistleblowing procedures and a review of the format and content of the sessions held with the external auditor should be carried out during 2020 to ensure that they remain effective and fit for purpose for the enlarged Group.

External audit

Grant Thornton UK LLP ("Grant Thornton") was appointed as the external auditor of the Group on 9 October 2014. The Committee reviews the continued appointment of Grant Thornton 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 Group intends to undertake a competitive audit tender process after 10 years. Whilst the audit tender requirements in accordance with the EU Audit Directive and Regulation do not directly apply to the Group, it is considered best practice to comply with the legislation.

Deloitte LLP ("Deloitte") is the current auditor of the companies acquired from Seven Energy. Grant Thornton worked closely with Deloitte to agree the scope of the audit for the Seven Energy entities, but due to the coronavirus pandemic it was not possible for Grant Thornton to undertake the site visit to Deloitte's offices as initially planned. However, Grant Thornton obtained the information required electronically.

The Committee considered the performance of the external auditor and the effectiveness and quality of the audit process by discussing the results of the 2019 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 Grant Thornton UK LLP; and assessing their 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 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 Grant Thornton in respect of non-audit services amounted to approximately 2.66% of the statutory audit fees and were in respect of reviews conducted in relation to the financial statements for the six months ended 30 June 2019. 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 Grant Thornton has carried out its duties and recommended to the Board that their re-appointment as the Group external auditor be put to shareholders at the General Meeting.

Information on how the Company has cared for the welfare of its workforce and their families, as well as maintaining operations, during the global COVID-19 pandemic can be found in the Chairman's Statement on pages 4 and 5.

Mark Iannotti
Chairman, Audit and Risk Committee

18 August 2020

Promoting sustainable, long-term success of Savannah

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.
- Reviewing the composition of the Board, 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

During 2019, the Remuneration and Nomination Committee was chaired by David Jamison and its other members were Steve Jenkins and Mark Iannotti. All members of the Committee are independent Non-Executive Directors. The Chief Executive Officer and other members of the senior management team are also invited to attend meetings when considered appropriate.

Activities during the year

During the financial year ended 31 December 2019, the Committee:

- recommended the continued and permanent appointment of Isatou Semega-Janneh in the role of Chief Financial Officer to the Board and approved her revised remuneration package;
- reviewed the Non-Executive Directors' fees and time required to perform their roles and recommended proposed changes to Non-Executive Director fees and contracts to the Board for approval;
- reviewed and approved changes to the salaries paid to Isatou Semega-Janneh and other members of the senior management team;
- considered and approved performance bonuses to be made to Andrew Knott, Isatou Semega-Janneh and other members of the senior management team in relation to their performance in 2018 with the payments recommended only being due on the completion of the Seven Energy Transaction; and
- considered and approved bonus payments to be paid on completion of the transaction to former Seven Energy employees, who would transition to the Company following successful completion.

As disclosed in our 2018 Annual Report, at the start of 2019, the Committee considered the appointment of Isatou Semega-Janneh to the role of Chief Financial Officer. Isatou joined the Board in December 2017 and had acted as interim Chief Financial Officer since that time. The Committee concluded that it was in the best interests of the Group and its shareholders for Isatou to continue in her role as CFO and recommended her appointment on a permanent basis to the Board, which was subsequently approved by the Board.

In addition, on 12 December 2019, the Group announced that Antoine Richard had been appointed as the Group's Chief Operating Officer, with immediate effect. Antoine has over 20 years' experience in the oil and gas industry, including over 10 years' experience of working in West Africa. As disclosed in the announcement of his appointment, Antoine previously acted as VP Operations for Savannah between 2016 and 2018, and prior to this had worked for major, independent oil and gas companies. He has a strong operational background, with a focus on production optimisation, onshore facilities design and operation, management of drilling campaigns and seismic acquisition programmes.

Antoine replaced David Clarkson who, having served as Chief Operating Officer since June 2018, returned to his role on Savannah's Board as a Non-Executive Director.

During the year, the Board, supported by Link Company Matters, who provide company secretarial services to the Group, undertook an evaluation as to the effectiveness of the Board, its Committees and the Directors. Further details on the process and results can be found on page 80.

As disclosed in previous Annual Reports, the Group operates a share incentive scheme (the "Employee Benefit Trust" or the "EBT") to incentivise certain existing and future senior managers by offering them an option of participating in the EBT. Awards under the EBT take the form of nil-cost options over a total of 42,624,837 existing ordinary shares in the Group currently held in an employee benefit trust. Vesting of the awards to participants is linked to total shareholder return (based on share price performance and dividends), measured against the 30-day volume weighted average price of the Group's shares during a five-year period. Further details of the EBT are set out in the Directors' Remuneration Review on page 91.

At the 2018 Annual General Meeting of the Group, Savannah's shareholders approved a grant of nil-cost options over 21,312,418 existing ordinary shares to Mr Knott. The options had not been granted as at 31 December 2019.

As disclosed in our 2018 Annual Report, at the beginning of 2019, the Committee also considered the CEO's service agreement. The service agreement put in place between the Group and Mr Knott at the time of the Group's AIM IPO in August 2014 provided for a twelve-month notice period and an initial fixed term of two years. The Committee has amended the agreement so that the twelve-month notice period cannot expire any earlier than 28 February 2021.

2019/20 bonus awards

The Executive Director bonuses reported in the Company's 2019 Annual Report reflect payments for management performance in 2018.These reflected a strong performing year for the Company in which, substantively all of our principal corporate KPIs were achieved or consciously superseded by positive events in relation to the negotiated changes to the Seven Energy acquisition announced in the year and which were detailed in our 2018 Annual Report.

Notable achievements in 2018 were the highly successful Niger exploration drilling campaign, which saw five exploration discoveries from five exploration wells drilled, and the significant changes negotiated with various stakeholders in the Seven Energy Transaction. These changes transformed the nature of the acquisition for Savannah and our shareholders and, in aggregate, secured control over Accugas and the Uquo gas field (which was not originally envisioned in the deal), were demonstrably Net Present Value and cash flow accretive to the Group and resulted in the release of US$54 million of cash to the Company while also significantly increasing the upside exposure of our South East Nigerian gas business to rising gas volumes and prices. Further, working alongside the former Seven Energy management team, significant business performance improvement planning was conducted, the benefits of which we expect to report in our 2020 Annual Report.

Due to strategic and tactical delays in the completion of the Seven Energy Transaction, which completed in November 2019, the financial performance of this acquisition and ability for the Company to meet the associated business KPIs was not meaningfully reported in our 2019 Annual Report. The Board and management team made these amendments fully recognising that they would result in a delay to the completion of the Transaction, having assessed and recognised that the material positives they represented significantly outweighed the negative impact of a delay to Transaction completion. As already reported in the post-period, the financial and operational performance of the business has been markedly improved by management with both cash collections and production volumes having been increased by approximately 40% from H2 2017 to H1 2020. The Remuneration and Nomination Committee has therefore chosen to take the same approach for senior management remuneration as we adopted in the 2015 and 2016 Annual Reports, with the CEO and CFO total reward for the 2019 performance period having been rolled over and made available for grant in the 2020 performance year. Therefore, the aggregate 2019/20 performance will be reviewed by the Committee in 2020. We also believe that this approach is appropriate in light of the issues associated with the COVID-19 pandemic, oil price crash and general challenging economic backdrop many companies are facing as a result.

Succession planning and corporate diversity

The Committee acknowledges 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. The Board will continue to undertake an annual evaluation of its performance, that of its Committees and the individual Directors, to ensure that the Board continues to function effectively. 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.

At the end of the year under review, the Board of Directors of the Group comprised seven men and one woman, while female representation on the Executive Committee is 25%. Savannah has an equal opportunities policy and 20% of its employees are women and 80% are men.

Non-Executive Director fees

The Chairman's service contract establishes a framework based on the incumbent undertaking up to six days a month on the Company's business. The Non-Executive Directors' service contracts establish a framework for up to 2.5 days a month of time to be spent on Savannah activities. Post-period, the Committee agreed that all Non-Executive Director contracts should be standardised with implementation to be completed in Q4 2020. Further details of Director contracts can be found on page 92.

2019 was an exceptional year for the Company given the significant workstreams associated with the closing of the Seven Energy acquisition and post-deal integration planning. Three of the Non-Executive Directors, Steven Jenkins, Michael Wachtel and Mark Iannotti, conducted significant work in relation to this process and were compensated for this work in addition to their base fees. The Company does not anticipate any of those Directors to incur any significant fees in addition to their base fee in 2020.

The Directors' Remuneration Review is set out on pages 89 to 95.

David Jamison
Chairman, Remuneration and Nomination Committee

18 August 2020

Directors' Remuneration Review

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 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 effectively help to attract, retain and motivate high-quality individuals, 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 and the Chief Financial Officer is entitled to receive an employer's pension contribution equivalent to 8% 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 pages 90 to 92. Established on 28 November 2014. Now closed and not expected to be reopened.

Directors' remuneration policy continued

Component	Purpose and link to strategy	Overview
Executive and Non-Executive Directors continued		
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.
New Share Scheme	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, further described below. As at 31 December 2019, no awards under the New Share Scheme have been made.

Management Long-Term Incentive Plan

On 28 November 2014, the Company established a management long-term equity incentive plan (the "LTIP"). 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 Petroleum 1 Limited ("SP1L"), 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 SP1L 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 SP1L 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 SP1L 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 or Director or a 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 Mr 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: $50 – 50((Y-2.5)/2.5)$, 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.

On 27 March 2015, the Company's shareholders passed an ordinary resolution approving the waiver by the Panel on Takeovers and Mergers of the obligation on the Concert Party (as defined below) to make a general offer to shareholders of the Company under Rule 9 of the City Code on Takeovers and Mergers as a result of the potential issue of new ordinary shares of the Company to Andrew Knott (who is a member of the Concert Party) under the LTIP. "Concert Party" means Andrew Knott (and companies he controls) and his family members, Aralia Capital SA (which also includes the holding of Peleng Holding Corporation, wholly owned by the same investor as Aralia Capital SA) and Luzon Investments S.A.

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); and

    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 SP1L; 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.

Additional Schemes and Employee Benefit Trust

Previously, the LTIP and the Supplementary Plan (the "Existing Plans") permitted the grant of awards over issued or unissued ordinary shares equal to, in aggregate, up to 15% of the Company's fully diluted share capital. This aggregate limit (applicable collectively to the Existing Plans and the Additional Schemes) has been reduced to 10% of the fully diluted share capital from time to time. As with the Existing Plans, it is intended that up to one half of the equity available under any Additional Schemes would be made available to the Chief Executive Officer.

The Remuneration and Nomination Committee intends to attach conditions to any awards granted under the Additional Schemes, which may include long-term vesting criteria, key business metric KPIs and future share price performance conditions and would be determined in consultation with the Company's Nominated Adviser.

In order to facilitate the Additional Schemes, the Company established the Employee Benefit Trust (the "EBT"). The EBT holds 42,624,837 ordinary shares (the "EBT Shares") of the Company. Subject to the Trustee's compliance with its obligations as a trustee and relevant legislation, the voting rights attaching to the shares held by the EBT are exercised in accordance with the instructions of the Board and the Trustee will waive all rights to any dividends on these shares.

New Share Scheme

The Board believes that the success of the Company will depend to a significant degree on the future performance of the Company’s senior management team, in particular its Chief Executive Officer. It is therefore important to ensure that the members of the senior management team are well motivated and identify closely with the success of the Company. To incentivise certain existing and future senior management, the Remuneration and Nomination Committee recommended to offer them the option of participating in a new share incentive scheme (the “New Share Scheme”).

Awards under the New Share Scheme take the form of nil-cost options over a total of 42,624,837 existing ordinary shares in the Company currently held in an employee benefit trust. Vesting of the awards to participants will be linked to total shareholder return (based on share price performance and dividends), measured against the 30-day volume weighted average price (“VWAP”) of the Company’s shares during a five-year period.

For initial participants, the awards vest on a straight-line basis should the VWAP at any point during the five-year period exceed a hurdle price of 47 pence, with 100% vesting on the VWAP reaching 68 pence. Participants who receive shares pursuant to the awards are subject to a three-month lock-in period during which they will not be permitted to deal in such shares, subject to certain limited exceptions.

All awards under the New Share Scheme are subject to, inter alia, the participant’s continued employment or other engagement with the Company, and malus provisions. To further align the interests of the Company’s senior management team and those of shareholders, it is intended that employees who are participants in the New Share Scheme and who are awarded shares will only be permitted to dispose of such shares if, post-disposal, their residual shareholding will be valued at an amount equal to at least 200% of their base salary (based on the VWAP on the date of such disposal).

At the 2018 Annual General Meeting of the Company, shareholders approved a grant of nil-cost options over 21,312,418 existing ordinary shares to Mr Knott (held in the Employee Benefit Trust) under the terms of the New Share Scheme. The options were granted in April 2020.

Directors’ service contracts or letters of appointment

Andrew Knott (Chief Executive Officer)

Andrew Knott entered into a service agreement with the Company effective from its Admission to trading on AIM (1 August 2014), which provided for a twelve-month notice period and an initial fixed term of two years. The agreement was subsequently amended so that the twelve-month notice period could not expire any earlier than 31 December 2019. In early 2019 this was extended further so that the twelve-month notice period cannot expire any earlier than 28 February 2021.

Under the terms of the agreement, Mr Knott is entitled to an annual salary of £525,000 (2018: £525,000) and, at the sole discretion of the Company’s Remuneration and Nomination Committee, a performance-related bonus. Mr Knott is entitled to participate in any management incentive programme.

Isatou Semega-Janneh (Chief Financial Officer)

Isatou Semega-Janneh was appointed as the Company’s CFO on a permanent basis in March 2019, having served as the Company’s interim CFO from December 2017. Her service agreement provides for written notice by either party of six months, or for early termination in the event of, inter alia, a serious breach of the agreement. Under the terms of the agreement, in 2019 Ms Semega-Janneh was entitled to an annual salary of £200,000 (2018: £150,000), payable on a monthly basis and, at the sole discretion of the Company’s Remuneration and Nomination Committee, a performance-related bonus. Upon completion of the Seven Energy Transaction the salary of Ms Semega-Janneh increased to £250,000 per annum. Ms Semega-Janneh is eligible to participate in any management incentive programme that the Group may adopt.

David Clarkson (Chief Operating Officer)

David Clarkson was appointed under a letter of appointment when he first joined the Board as a Non-Executive Director in December 2017. Since then, following the appointment of Antoine Richard as the Company’s Chief Operating Officer, in December 2019, Mr Clarkson stepped down from his executive role and resumed his service to the Company in the capacity of a Non-Executive Director. The terms of Mr Clarkson’s appointment as Chief Operating Officer were specified in a contract under which he was entitled to an annual salary of £300,000 (2018: £300,000). Mr Clarkson was also eligible, at the sole discretion of the Company’s Remuneration and Nomination Committee, to a bonus and to participate in any management incentive programme that the Group may adopt.

Non-Executive Directors

The Non-Executive Directors were appointed under letters of appointment which can be terminated by three months' written notice by either side. Under the terms of their letters of appointment, Mr Jenkins is entitled to an annual fee of £175,000 (2018: £175,000) and the remaining Non-Executive Directors are entitled to an annual fee of £60,000 (2018: £60,000).

David Clarkson, Sir Stephen O'Brien and Michael Wachtel are also entitled to a grant of awards over new ordinary shares with an aggregate value of £50,000 (based on the Placing Price of 35 pence per share).

Subject to continued satisfactory performance, the Board does not think it appropriate to limit the term of appointment of the Non-Executive Directors.

Rather, 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 the shareholders it is important that the Board is able effectively to maintain 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

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

Year ended 31 Dec 2019	Salary US$	2018 performance-related bonus US$	Share options US$	Employer's pension contribution US$	Other benefits US$	Fees US$	Total US$
Executive Directors							
Andrew Knott[1]	658,514	1,326,200	—	—	69,473[2]	—	2,054,187
Isatou Semega-Janneh	263,025	232,085	—	15,288[3]	1,549	—	511,947
David Clarkson[4]	382,105	132,620	—	—	—	—	514,725
Non-Executive Directors							
Steve Jenkins	—	—	—	—	—	350,199[5]	350,199
Sir Stephen O'Brien	—	—	—	—	—	76,421	76,421
Mark Iannotti	—	—	—	—	—	127,343[6]	127,343
David Jamison	—	—	—	—	—	76,421	76,421
Michael Wachtel	—	—	—	—	—	142,619[7]	142,619
Total	**1,303,644**	**1,690,905**	**—**	**15,288**	**71,022**	**773,003**	**3,853,863**

1. Highest paid Director.
2. Andrew Knott receives his employer's pension allowance equivalent to 10% of salary as cash. In addition to his salary of US$658,514 Mr Knott received back-pay from 2018 of US$72,419.
3. With effect from November 2019, the employer's pension allowance of Isatou Semega-Janneh increased to 8% per annum.
4. David Clarkson served as an Executive Director until 12 December 2019, when he resumed his service as a Non-Executive Director. No non-executive fees were paid to Mr Clarkson in 2019. In addition to his salary of US$382,105 he also received back-pay from 2018 of US$232,101.
5. Steve Jenkins received a fee of US$222,895 in respect of his appointment as a Non-Executive Director and earned additional fees of US$127,304 for additional services.
6. Mark Iannotti received a fee of US$76,421 in respect of his appointment as a Non-Executive Director and earned fees of US$50,922 for additional services.
7. Michael Wachtel received a fee of US$76,421 in respect of his appointment as a Non-Executive Director and earned additional fees of US$66,198 for additional services.

Note: Directors' remuneration is incurred in GB Pounds. The average rate of exchange for the year ended 31 December 2019 was US$1.27/£1.00.

Directors' remuneration continued

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

Year ended 31 Dec 2018	Salary US$	2017 performance-related bonus US$	Share options US$	Employer's pension contribution US$	Other benefits US$	Fees US$	Total US$
Executive Directors							
Andrew Knott[1]	640,830	1,398,013	–	–	67,373[4]	–	2,106,216
Isatou Semega-Janneh	268,657	503,285[2]	–	14,430	1,379	–	787,751
David Clarkson[3]	97,411	–	–	–	–	–	97,411
Non-Executive Directors							
Steve Jenkins	–	–	–	–	–	234,909	234,909
Sir Stephen O'Brien	–	–	–	–	–	84,490	84,490
David Clarkson[3]	–	–	–	–	–	61,095	61,095
Mark Iannotti	–	–	–	–	–	80,577	80,577
David Jamison	–	–	–	–	–	80,577	80,577
Michael Wachtel	–	–	–	–	–	177,057[5]	177,057
Total	**1,006,898**	**1,901,298**	**–**	**14,430**	**68,752**	**718,705**	**3,710,083**

1. Highest paid Director.
2. Performance-related bonus was in relation to 2017, which the Remuneration and Nomination Committee viewed as an exceptional year.
3. David Clarkson was appointed as COO with effect from 18 June 2018. Amounts shown for David Clarkson represent his Non-Executive Director fees from 1 January 2018 to 18 June 2018 and his COO salary for the period from the date of his appointment to 31 December 2018. His total remuneration for 2018 was US$158,506.
4. Andrew Knott receives his employer's pension allowance equivalent to 10% of salary as cash.
5. Michael Wachtel received a fee of US$80,577 in respect of his appointment as a Non-Executive Director and additional fees of US$96,480 for additional services.

Note: Directors' remuneration expenditure is incurred in GB Pounds. The average rate of exchange for the year ended 31 December 2018 was US$1.34/£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 New Share Scheme, LTIP and the Supplementary Plan as at 31 December 2019 and as at 10 August 2020 being the latest practicable date prior to the publication of this Report.

	As at 31 Dec 2019	As at 10 Aug 2020	Changes from 31 Dec to 10 Aug 2020	% of issued shares as at 10 Aug 2020	New Share Scheme as at 10 Aug 2020	LTIP – outstanding unvested awards	Supplementary Plan – outstanding unvested awards
	Number of ordinary shares	Number of ordinary shares	Number of ordinary shares		Number of options	Number of SP1L shares	Number of ordinary shares
Executive Directors							
Andrew Knott	27,702,565	—	—	2.59%	21,312,418[1]	11,588,574	5,446,630
Isatou Semega-Janneh	167,579	—	—	0.02%	1,065,621[1]	446,429	358,786
David Clarkson	357,000	—	—	0.04%	142,857[2]	—	—
Non-Executive Directors							
Steve Jenkins	337,800	—	—	0.03%	—	1,785,714	1,019,501
Sir Stephen O’Brien	—	—	—	—	142,857[2]	—	—
Mark Iannotti	3,066,887	—	—	0.31%	—	547,765	2,257,450
David Jamison	651,009	—	—	0.07%	—	273,883	128,725
Michael Wachtel	—	—	—	—	142,857[2]	—	—
Total	**32,282,840**	**—**	**—**	**3.06%**	**22,806,610**	**14,642,365**	**9,211,092**

1. Share options granted under the Additional Share Scheme over Ordinary Shares held by the EBT.
2. The option awards were made to each of Sir Stephen O’Brien, David Clarkson and Michael Wachtel in full satisfaction of the Company’s obligation to grant awards over new ordinary shares with an aggregate value of £50,000 (based on a price per ordinary share of £0.35) to each of them. The options were granted over new ordinary shares, are exercisable for a period of five years and have an exercise price of £0.001 per ordinary share. The options are not subject to any vesting or other performance conditions.

The closing share price of one Savannah share on 31 December 2019 was 21.50 pence and the highest and lowest prices during the year were 32.90 pence and 11.55 pence respectively.

On behalf of the Board

David Jamison
Chairman, Remuneration and Nomination Committee

18 August 2020

Strong focus on compliance

Members	Meetings attended	Member since
Michael Wachtel (Chair)	4/4	January 2018
David Clarkson	4/4	January 2018
Mark Iannotti	3/4	January 2018
David Jamison	3/4	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, 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.
- 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.

Committee membership

Mr Clarkson, who had been appointed as a Non-Executive Director in 2017, served as the Company's interim Chief Operating Officer between June 2018 and December 2019. Considering his role, as well as experience and expertise, it was deemed both appropriate and beneficial that he continued as a member of the Committee during the year under review.

Activities during the year

During the financial year ended 31 December 2019, the Committee:

- considered the necessary changes to level of oversight and monitoring upon the completion of the Seven Energy Transaction and as the Company has moved towards first oil production in Niger;
- oversaw the review and rebranding of compliance policies and assessed the need for integrated communications to all employees of the enlarged Group;
- received quarterly compliance reports from the Chief Compliance Officer;
- reviewed the completion of mandatory anti-bribery and corruption and whistleblowing awareness training by all employees and contracted personnel;
- oversaw the implementation of the whistleblowing hotline in Niger; and
- commissioned and reviewed the findings of a compliance audit of operations and activities relating to the implementation and application of the Company's Anti-Corruption and Anti-Money Laundering Policy and Procedures by Clyde & Co.

In 2019, the Committee focused largely on overseeing the preparation to ensure that, when the Seven Energy Transaction was completed, the compliance function was ready to implement policies, procedures and systems to bring all operations across the larger Group to consistent standards of compliance and preparedness.

During 2020, the Committee will continue to oversee embedding of appropriate compliance behaviours across the enlarged Group as Savannah transitions into a full-cycle oil and gas company, ensuring that policies, procedures and systems in place continue to be proportionate to the scale and range of Savannah's operations.

MWachtel

Michael Wachtel
Chairman, Compliance Committee

18 August 2020

Health, Safety, Security and Environment Committee Report

Maintaining safe, secure, reliable, compliant and sustainable operations

Members	Meetings attended	Member since
David Clarkson (Chair)	4/4	January 2018
Steve Jenkins	4/4	January 2018
Sir Stephen O'Brien	4/4	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.
- 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 a full-cycle energy company of Savannah's scale.

David Clarkson, appointed as a Non-Executive Director in 2017, acted as the Company's interim Chief Operating Officer between June 2018 and December 2019. The Board considered that given his experience and expertise, it was both appropriate and beneficial that he continued to chair the Committee and report to the Committee members on the work of developing, implementing and monitoring systems relating to health, safety, environment, operational integrity and security risks during the year under review.

Activities during the year

During the financial year ended 31 December 2019, the Committee:

- received regular operational updates on health, safety, security and environmental performance and risks, including any breaches or incidents of non-compliance;
- monitored and discussed the Company's activities to embed, and ultimately report on, environmental, social and governance ("ESG") aspects of the enlarged operations;
- oversaw the Company's Health, Safety, Security and Environmental Management plan;
- introduced a Corporate HSSE Report, defining the leading and lagging indicators for the Group;
- defined reporting metrics for health and safety, environmental, operational integrity, and social aspects of the business;

Activities during the year continued

- implemented Group environmental management controls on drilling and well testing waste;
- endorsed flare gas recovery in the Nigeria operation;
- supported the executive team in the preparation for transitioning to a full-cycle oil and gas company after the completion of the Seven Energy Transaction, including:
  - conducting an operational safety review with the Seven Energy management and operations team to assure operational integrity and to establish a common HSSE management and reporting system used by the enlarged Group, including detailed reviews of any existing Seven Energy operating procedures and processes;
  - ensuring adequate support to refresh, and build, competence and capability within the operations staff to enable safe, reliable operations to underpin the Company's operating standards;
- reviewed the Company's Business Continuity Plan, including a consideration of succession plans for key operational roles;
- oversaw the review of business resilience and crisis management within the London and Niger operations, including training for senior executives including the incoming COO and Niger Managing Director;
- supported succession planning for key operations management positions, including the appointment of a Chief Operations Officer, Senior Operations Manager and in-country Security Manager; and
- reviewed the 2020 Business Performance Plan.

During 2019, the Committee actively focused on how the Company embeds and reports its ESG objectives across the Group. More information on Savannah's efforts to achieve that can be found in the Sustainability Review starting on page 48.

In 2020, the Committee will continue to support the executive team in its commitment to safe, reliable, sustainable and secure operations whilst embedding and implementing the ESG agenda to build the Company's credentials as a full-cycle energy business.

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

18 August 2020

Directors' Report

Focus on delivering growth in long-term shareholder value

The Directors' Report, prepared in accordance with the Companies Act 2006, comprises pages 99 to 101. The Corporate Governance Report on pages 78 to 85 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 2 to 73, which are incorporated into this Directors' Report by reference.

Corporate structure

Savannah Energy PLC, formerly Savannah Petroleum PLC, (registered no. 09115262) 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, all of whom served on the Board throughout the year under review, are shown on pages 74 and 75.

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 35 to the Group's consolidated financial statements.

Going concern

The Group's business activities, together with the principal risks and uncertainties, factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 73 and the financial position of the Group at the period 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 next twelve months. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 66 to 70.

The Directors have a reasonable and strong expectation that the Group will be able to access adequate resources to continue operating for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements as described in Note 2 on page 116.

Dividends

The Board considers it highly desirable that the Company has the maximum flexibility to consider the payment of dividends and otherwise return value to shareholders. The Company also has approval to buy back up to 15% of Savannah's issued share capital, and this authority was approved at the Company's 2020 Annual General Meeting.

The Company has considered shareholder returns, including by way of a dividend payment or share buybacks. The Board intends to review the position at the end of 2020 as to whether to return value to shareholders. The principal determining factors are expected to include the prevailing regional and macro-economic conditions at the time, and the Company's overall liquidity position.

External auditor

Grant Thornton UK LLP has expressed its willingness to continue in office as auditor. Following the Audit and Risk Committee's review of the independence and performance of the auditor in respect of the financial year ended 31 December 2019, a resolution to re-appoint them will be proposed at the forthcoming General Meeting.

Purchase of own shares

The Company has not acquired any of its own shares in the period to 31 December 2019, nor in the period up to the date of approval of this Annual Report.

Post-balance sheet events

In January 2020 Accugas entered into a gas sales agreement with First Independent Power Limited ("FIPL"), an affiliate company of the Sahara Group, for the provision of gas to the FIPL Afam power plant (see note 41 to the financial statements).

Post the balance sheet date, economic uncertainty has arisen due to the COVID-19 pandemic, which has generally impacted oil and gas pricing. This may have an impact on the Group's future earnings and cash flows, but the Group has fixed price gas contracts and is therefore largely unaffected by oil price volatility.

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 2019.

Approval of Directors' Report

This Directors' Report, including the Corporate Governance Report, was approved for and on behalf of the Board on 18 August 2020.

For and on behalf of the Board

Andrew Knott
Chief Executive Officer

18 August 2020

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 International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 IFRSs as adopted by the European Union 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 is 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

18 August 2020

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Savannah Energy PLC (the "parent company") and its subsidiaries (the "Group") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and 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 International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

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 are 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the parent company's and Group's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the parent company's and Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a parent company or group associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Directors' conclusions, we considered the risks associated with the parent company's and Group's business, including effects arising from Brexit, and analysed how those risks might affect the parent company's and Group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the parent company and the Group will continue in operation.

Overview of our audit approach

- Overall materiality: US$3,358,000, which represents approximately 0.25% of the Group's total assets.
- Key audit matters were identified as:
  - acquisition from Seven Energy;
  - going concern;
  - carrying value of exploration and evaluation assets;
  - oil and gas revenue recognition; and
  - accuracy of the deferred tax asset.
- We performed full scope audit procedures on the financial statements of Savannah Energy PLC, and on the financial information of Savannah Petroleum Niger SA. Due to a change in the scope of the audit as a result of the Seven Energy acquisition, we issued component auditor instructions to Deloitte Nigeria to perform full scope audit procedures on the financial information of Accugas Limited, Seven Uquo Gas Limited and Universal Energy Resources Limited, which has resulted in a number of additional key audit matters.

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. These matters included those that 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.

Key audit matter – Group	How the matter was addressed in the audit – Group
Acquisition from Seven Energy During the year, Savannah Energy PLC acquired three trading entities, Accugas Limited, Seven Uquo Gas Limited and Universal Energy Resources Limited, from Seven Energy on 14 November 2019 for consideration of US$99.5 million, resulting in a bargain purchase gain of US$10.2 million. Given the subjectivity inherent in the assumptions used as part of determining the fair value of the assets and liabilities acquired, including the valuation of any intangible assets, there is a risk that such assets are not correctly valued in accordance with the requirements of International Financial Reporting Standard ("IFRS") 3: Business Combinations. Due to the pervasive nature of the acquisition accounting throughout the financial statements and as it is a significant transaction within the year, we therefore identified the acquisition from Seven Energy as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Our audit work included, but was not restricted to:** • consideration of management's assessment that the transaction was an acquisition compared to a reverse acquisition per the definitions in IFRS 3: Business Combinations; • using our auditor's internal valuations expert to assess management's expert's report regarding the consideration paid and fair value assessment of assets acquired. In particular, challenging management's expert on the methodology applied to the treatment of the customer contracts and their interaction with the underlying tangible assets, leading to the conclusion that these assets should be separately valued; • substantively testing management's calculations to assess the accuracy and completeness of the revenue and costs incorporated for the period from 14 November to 31 December 2019 in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows; • using our auditor's internal valuations expert to assess management's expert's report on the fair value of the consideration paid, which included the historical Senior Secured Notes purchased in the prior year; • assessing the accuracy of management's calculations of the book values of each entity as at the date of acquisition of 14 November which form part of the calculation of the bargain purchase gain; • determining if the newly issued share capital to the non-controlling interest shareholder is appropriately calculated and disclosed; and • assessing the disclosures included relating to the acquisition to confirm they are in accordance with the requirements of the financial reporting framework, including IFRS 3. The Group's acquisition accounting policy on the acquisition from Seven Energy is shown in note 3 to the financial statements and related disclosures are included in note 29. **Key observations** We did not identify any material misstatements in the Group's accounting for the acquisition from Seven Energy. The tangible and intangible assets were appropriately recognised and valued in accordance with IFRS 3.

Key audit matters continued

Key audit matter – Group	How the matter was addressed in the audit – Group
Going concern Within the year, there has been significant change to the structure and operations of Savannah Energy PLC. Future cash flows used to support the going concern assumptions have changed significantly from the prior year due to the introduction of revenue, increased borrowing facilities and increased operational costs for Accugas Limited, Seven Uquo Gas Limited and Universal Energy Resources Limited based in Nigeria. In addition, there is consideration of the impact of COVID-19 within the Company's going concern model, given it is one of the most significant economic events currently faced by businesses. In aggregate, these factors increase the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements. We therefore identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • obtaining management's cash flow forecasts covering the period to December 2021. We assessed how these forecasts were compiled, including assessing their accuracy by validating the underlying information; • challenging management on the key assumptions included within the forecast, including the forecast oil price, timing of expected payments to creditors, Nigerian inflation and the debottlenecking work; • assessing management's sensitivity analysis on the inputs and assumptions included within the cash flow forecasts; • challenging management on how COVID-19 has impacted their cash flow forecasts and how this has been incorporated into the model; and • assessing the appropriateness of the disclosures included within the financial statements relating to going concern. The Group's accounting policy on going concern is shown in note 2 to the financial statements. Key observations We have nothing to report in addition to that stated in the "Conclusions relating to going concern" section of our report.
Carrying value of exploration and evaluation assets The exploration and evaluation ("E&E") asset balance at 31 December 2019 is US$154,461,000 (31 December 2018: US$150,400,000) with the movement being US$4,061,000 of capitalised additions in the year. As the Group is currently in the exploration phase, these costs are being capitalised. Management have to consider the specific recognition criteria of IFRS 6: Exploration for and Evaluation of Mineral Resources for which costs can be capitalised and management judgement is required to determine which costs meet IFRS 6 capitalisation criteria. The E&E assets have been accumulating over a number of years and the Group is not yet in the production phase – as a result there is a risk that the carrying value of the assets may not be recoverable and an impairment may be required. We therefore identified the carrying value of E&E assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • considering the expert report commissioned by management on the likelihood of exploration being successful, including challenging underlying assumptions; • using our auditor's external expert to assess the competence of management's expert and assessing the Competent Persons Report prepared by management's expert to inform our work; • considering management's assessment of any indicators of impairment as outlined in IFRS 6: Exploration for and Evaluation of Mineral Resources to ensure none are applicable, including the status and likelihood of the R1/R2/R4 licence amalgamation process completing given the R1/R2 licence expired in August 2019 and that the R4 licence area was relinquished in the year; and • performing substantive testing on a sample of additions to E&E assets during the year to confirm these were in accordance with capitalisation criteria per IFRS 6. The Group's accounting policy on the carrying value of E&E assets is shown in note 3 to the financial statements and related disclosures are included in note 16. Key observations Our testing identified that the R1/R2 licence area has expired and the new R1/R2/R4 licence amalgamation has not yet been legally finalised. We considered the documented correspondence regarding the approval of the licence and its likelihood. We have not identified any indicators of impairment relating to the carrying value of these E&E assets.

Key audit matter – Group	How the matter was addressed in the audit – Group
Oil and gas revenue recognition Accugas Limited, Seven Uquo Gas Limited and Universal Energy Resources Limited were acquired on 14 November 2019 and are revenue-generating entities. As a result, revenues from 14 November until 31 December 2019 for each entity are incorporated into the Group accounts, totalling US$17.8 million. IFRS 15: Revenue from Contracts was applicable to the above noted entities for the year ending 31 December 2018, and therefore whilst there is no specific risk around the implementation of the new accounting standard, there is a risk regarding the appropriate recognition and disclosure of revenue in the current year. As Savannah Energy PLC historically has not recognised any revenue as it is in the exploration and evaluation stage, this is a significant change to the financial statements from the prior year. We therefore identified the occurrence of oil and gas revenue as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Our audit work included, but was not restricted to:** • confirmation of inputs within the calculation of revenue and deferred revenue to the underlying contracts for the contractual values; • consideration of the revenue recognition in accordance with IFRS 15: Revenue from Contracts, assessing whether the Group's new accounting policy on revenue recognition is in accordance with the financial reporting framework; • substantive testing of inputs for the calculation to relevant third-party evidence including Bill of Lading or Gas Consumption Certificates; • assessing whether management's calculation of the revenue to be recognised from 14 November to 31 December 2019 in the financial statements was in accordance with the outcome of the substantive testing performed; and • determining whether the disclosures within the financial statements were in all material respects in accordance with the requirements of IFRS 15. The Group's accounting policy on revenue recognition is shown in note 3 to the financial statements and related disclosures are included in note 6. **Key observations** Our testing performed did not identify any material misstatements in the occurrence and presentation of revenue.
Accuracy of the deferred tax asset Within the acquired entities of Accugas Limited, Seven Uquo Gas Limited and Universal Energy Resources Limited, significant deferred tax assets exist totalling US$209 million in 2019. As tax losses have been built up over the years, due to the entities being loss making, the deferred tax asset has continued to increase. There is a risk that the calculation to derive the deferred tax asset is overstated due to the judgements made by management on the length of time for recognition. We therefore identified accuracy of the deferred tax assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Our audit work included, but was not restricted to:** • assessing management's forecasts and reasoning to support the initial recognition of the deferred tax asset; • substantive testing of the inputs for the forecasts and verification that the accuracy of the calculation is appropriate; • challenging management on the appropriateness of the length of their forecasts to confirm the reasonableness of the ongoing recognition of the asset; and • evaluating whether disclosures in the financial statements are in accordance with the requirements of IAS 12: Income Taxes. The Group's accounting policy on the accuracy of deferred tax assets is shown in note 3 to the financial statements and related disclosures are included in note 18. **Key observations** From the procedures that have been performed we did not identify any material misstatements in relation to the accuracy of deferred tax recognised in accordance with IAS 12.

Our application of materiality

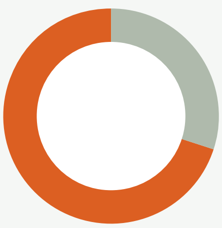
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	US$3,358,000, which is approximately 0.25% of total assets. This benchmark is considered the most appropriate because although there is revenue from the date of acquisition on 14 November to 31 December 2019 for the Nigerian trading businesses, this does not appropriately reflect the full-year position for the Group. Additionally, exploration and evaluation remains a key focus of the Board and shareholders and therefore total assets is considered the appropriate benchmark. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2018 to reflect the increased assets arising from the acquisition of Accugas Limited, Seven Uquo Gas Limited and Universal Energy Resources Limited during the year.	US$1,180,000, which is approximately 1.25% of parent company total assets less intercompany receivables. This benchmark is considered the most appropriate because the Group is currently in the exploration phase with costs currently capitalised into intangible assets. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2018 to reflect the significant continued investment in the development of exploration and evaluation assets.
Performance materiality used to drive the extent of our testing	70% of financial statement materiality. We have set Group performance materiality lower than parent company materiality on the basis that it is our first year of auditing the newly acquired entities.	75% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.	We determined a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.
Communication of misstatements to the Audit Committee	US$196,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	US$59,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Tolerance for potential uncorrected misstatements
30%

Performance materiality
70%

Overall materiality – Parent

Tolerance for potential uncorrected misstatements
25%

Performance materiality
75%

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile and in particular included the following areas:

The identified components of the Group were evaluated by the Group audit team based on a measure of materiality considered as a percentage of total Group assets and profit/(loss) before tax to assess the significance of the component and to determine the planned audit response. For those components that we determined to be significant, either a full scope approach or specified procedures in relation to specific balances and transactions were carried out. This approach was determined based on their relative materiality to the Group and our assessment of audit risk.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component auditors out with Grant Thornton UK LLP, operating under our instruction. Where the work was performed by component auditors, we determined the relevant risks for the component, the level of involvement we needed to have in the audit work, issued Group instructions to the component auditor including details of component materiality, and reviewed the workpapers through planning, fieldwork and completion of the identified risk areas. Due to the impact of COVID-19, the Group engagement team were unable to travel to the component auditor location in order to carry out the reviews of the work of the component auditor; however, alternative methods were identified in order to obtain sufficient, appropriate audit evidence to support the Group opinion.

The Group's components range in size and activity. Due to the acquisition from Seven Energy entities during the year, there are more entities within the Group and therefore more components exist than in the prior year. We performed full scope audit procedures on the financial information of two components which included 12% of total assets of the Group. The three acquired trading entities, which represent 100% of Group revenue and 87% of total assets, were audited by the component auditor. One entity was assessed to contain significant classes of transactions, account balances or disclosures ("SCOT+") in relation to significant risks identified at a Group level and as such specified procedures were carried out for this entity.

Audit of financial information	Audit of financial information by a component auditor	Audit of one or more SCOT+ relating to significant risks
Savannah Energy PLC	Accugas Limited	Accugas Holdings UK PLC
Savannah Petroleum Niger SA	Seven Uquo Gas Limited	
	Universal Energy Resources Limited	

For all other entities, analytical procedures have been performed for the purposes of the Group audit.

For the significant components requiring full scope audit procedures of their financial information, we carried out an interim visit to undertake substantive procedures prior to the year end and to evaluate the components' internal control environment. The interim audit testing was supplemented with additional substantive procedures to cover the transactions and balances to the year ended 31 December 2019.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the 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.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the 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 set out on page 101, 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.

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 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

James Chadwick
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
18 August 2020

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2019

	Note	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Revenue	6	**17,758**	—
Cost of sales	7	**(11,514)**	—
Gross profit		**6,244**	—
Administrative and other operating expenses	8	**(13,581)**	(13,369)
Transaction costs	8	**(29,732)**	(14,700)
Expected credit loss on financial assets	23	**(431)**	—
Operating loss	8	**(37,500)**	(28,069)
Finance income	10	**1,378**	869
Finance costs	11	**(12,173)**	(1,413)
Gain on acquisition of subsidiaries	29	**10,209**	—
Fair value adjustment	17, 34	**(54,664)**	4,953
Foreign translation loss	12	**(12,663)**	(948)
Loss before tax		**(105,413)**	(24,608)
Tax credit/(expense)	13	**8,566**	(5)
Net loss and total comprehensive loss		**(96,847)**	(24,613)
Total comprehensive loss attributable to:			
Owners of the Group		**(92,585)**	(24,519)
Non-controlling interests	21, 28	**(4,262)**	(94)
		(96,847)	(24,613)
Earnings per share			
Basic (US$)	14	**(0.10)**	(0.03)
Diluted (US$)	14	**(0.10)**	(0.03)

All results in the current financial year derive from continuing operations.

Consolidated Statement of Financial Position

as at 31 December 2019

	Note	2019 US$'000	2018 US$'000
Assets			
Non-current assets			
Property, plant and equipment	15	**618,286**	2,431
Exploration and evaluation assets	16	**154,745**	150,425
Long-term financial assets	17	**—**	88,956
Deferred tax assets	18	**209,363**	—
Right-of-use assets	19	**4,183**	—
Restricted cash	20	**1,828**	—
Total non-current assets		**988,405**	241,812
Current assets			
Inventory	22	**4,020**	—
Trade and other receivables	23	**99,771**	22,359
Prepayments	24	**6,561**	313
Cash and cash equivalents	25	**46,256**	1,750
Total current assets		**156,608**	24,422
Total assets		**1,145,013**	266,234
Equity and liabilities			
Capital and reserves			
Share capital	26	**1,393**	1,240
Share premium	26	**61,204**	—
Capital contribution	26	**458**	458
Share-based payment reserve	26	**6,448**	5,908
Other reserves	26	**—**	(4,989)
Retained earnings		**164,885**	225,679
Equity attributable to owners of the Group		**234,388**	228,296
Non-controlling interests	21, 28	**(2,983)**	(491)
Total equity		**231,405**	227,805
Non-current liabilities			
Other payables	30	**7,500**	—
Borrowings	31	**460,665**	—
Long-term lease liabilities	19	**4,956**	—
Provisions	32	**109,503**	—
Contract liabilities	33	**118,052**	—
Total non-current liabilities		**700,676**	—
Current liabilities			
Trade and other payables	30	**133,899**	23,522
Borrowings	31	**71,387**	14,871
Financial liability	34	**—**	36
Tax liabilities	13	**3,090**	—
Short-term lease liabilities	19	**614**	—
Contract liabilities	33	**3,942**	—
Total current liabilities		**212,932**	38,429
Total equity and liabilities		**1,145,013**	266,234

The financial statements of Savannah Energy PLC (Company number: 09115262) were approved by the Board of Directors and authorised for issue on 18 August 2020 and are signed on its behalf by:

Isatou Semega-Janneh
Director

Company Statement of Financial Position

as at 31 December 2019

	Note	**2019 US$'000**	2018 US$'000
Assets			
Non-current assets			
Property, plant and equipment	15	**491**	348
Long-term financial assets	17	**—**	88,956
Investment in subsidiaries	21	**81,804**	81,068
Right-of-use assets	19	**4,168**	—
Total non-current assets		**86,463**	170,372
Current assets			
Trade and other receivables	23	**2,855**	22,290
Prepayments	24	**321**	266
Intercompany receivable	36	**184,444**	77,947
Cash and cash equivalents	25	**1,009**	334
Total current assets		**188,629**	100,837
Total assets		**275,092**	271,209
Equity and liabilities			
Capital and reserves			
Share capital	26	**1,393**	1,240
Share premium	26	**61,204**	—
Capital contribution	26	**458**	458
Share-based payment reserve	26	**6,448**	5,908
Other reserves	26	**—**	(4,989)
Retained earnings		**171,598**	259,229
Total equity		**241,101**	261,846
Non-current liabilities			
Other payables	30	**7,500**	—
Long-term lease liabilities	19	**4,956**	—
Total non-current liabilities		**12,456**	—
Current liabilities			
Trade and other payables	30	**14,085**	5,179
Borrowings	31	**6,596**	1,076
Intercompany payable	36	**—**	3,072
Financial liability	34	**—**	36
Tax liabilities		**240**	—
Short-term lease liabilities	19	**614**	—
Total current liabilities		**21,535**	9,363
Total equity and liabilities		**275,092**	271,209

Company number: 09115262

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the parent company income statement. The loss of the legal parent company for the year to 31 December 2019 was US$82.2 million (2018: US$14.8 million).

The financial statements of Savannah Energy PLC (Company number: 09115262) were approved by the Board of Directors and authorised for issue on 18 August 2020 and are signed on its behalf by:

Isatou Semega-Janneh
Director

Consolidated Statement of Cash Flows

for the year ended 31 December 2019

	Note	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Cash flows from operating activities:			
Net cash used in operating activities	8, 38	**(12,323)**	(32,446)
Cash flows from investing activities:			
Payments for property, plant and equipment		**(1,690)**	(1,362)
Exploration and evaluation payments		**(5,719)**	(19,426)
Cash acquired on acquisition of a subsidiary		**10,471**	—
Acquisition of long-term financial asset		**—**	(40,911)
Loan to Seven Energy International Limited		**(12,084)**	(15,686)
Net cash used in investing activities		**(9,022)**	(77,385)
Cash flows from financing activities:			
Finance costs		**(2,055)**	(159)
Proceeds from issues of equity shares, net of issue costs		**28,767**	95,767
Borrowing proceeds		**18,650**	8,000
Borrowing repayments		**(16,381)**	(6,931)
Sale of a non-controlling interest (note 28)		**39,000**	—
Lease payments		**(302)**	—
Cash transferred to restricted cash accounts		**(1,828)**	—
Net cash provided by financing activities		**65,851**	96,677
Net increase/(decrease) in cash and cash equivalents		**44,506**	(13,154)
Cash and cash equivalents at beginning of year		**1,750**	14,904
Cash and cash equivalents at end of year	25	**46,256**	1,750

Company Statement of Cash Flows
for the year ended 31 December 2019

	Note	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Cash flows from operating activities:			
Net cash used in operating activities	38	**(28,102)**	(19,422)
Cash flows from investing activities:			
Parent company funding of subsidiaries		**—**	(31,729)
Payments for property, plant and equipment		**(210)**	(194)
Acquisition of long-term financial asset		**—**	(40,911)
Repayments from subsidiaries		**7,956**	—
Loan to Seven Energy International Limited		**(12,084)**	(15,686)
Net cash used in investing activities		**(4,338)**	(88,520)
Cash flows from financing activities:			
Proceeds from issues of equity shares, net of issue costs		**28,767**	95,767
Borrowing proceeds		**4,650**	798
Borrowing repayments		**—**	(1,811)
Lease payments		**(302)**	—
Net cash provided by financing activities		**33,115**	94,754
Net increase/(decrease) in cash and cash equivalents		**675**	(13,188)
Cash and cash equivalents at beginning of year		**334**	13,522
Cash and cash equivalents at end of year	25	**1,009**	334

Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

	Share capital US$'000	Share premium US$'000	Capital contribution US$'000	Share-based payment reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interest US$'000	Total US$'000
Balance at 1 January 2018	**520**	**157,188**	**458**	**4,551**	**—**	**(59,317)**	**103,400**	**(397)**	**103,003**
Loss for the year	—	—	—	—	—	(24,519)	(24,519)	(94)	(24,613)
Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	—	(24,519)	(24,519)	(94)	(24,613)
Transactions with shareholders:									
Equity-settled share-based payments	—	—	—	1,357	—	—	1,357	—	1,357
Issue of ordinary shares to shareholders, net of issue costs	720	152,385	—	—	—	(58)	153,047	—	153,047
Issue of warrants	—	—	—	—	(4,989)	—	(4,989)	—	(4,989)
Cancellation of share premium	—	(309,573)	—	—	—	309,573	—	—	—
Balance at 31 December 2018	**1,240**	**—**	**458**	**5,908**	**(4,989)**	**225,679**	**228,296**	**(491)**	**227,805**
Adjustments due to adoption of IFRS 16 (note 19)	—	—	—	—	—	(450)	(450)	—	(450)
Balance at 1 January 2019 (adjusted)	**1,240**	**—**	**458**	**5,908**	**(4,989)**	**225,229**	**227,846**	**(491)**	**227,355**
Loss for the year	—	—	—	—	—	(92,585)	(92,585)	(4,262)	(96,847)
Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	—	(92,585)	(92,585)	(4,262)	(96,847)
Transactions with shareholders:									
Equity-settled share-based payments	—	—	—	540	—	—	540	—	540
Issue of ordinary shares to shareholders, net of issue costs (note 26)	153	61,204	—	—	—	—	61,357	—	61,357
Warrants expired	—	—	—	—	4,989	(4,989)	—	—	—
Transactions with equity holders (note 28)	—	—	—	—	—	37,230	37,230	1,770	39,000
Balance at 31 December 2019	**1,393**	**61,204**	**458**	**6,448**	**—**	**164,885**	**234,388**	**(2,983)**	**231,405**

Company Statement of Changes in Equity

for the year ended 31 December 2019

	Share capital US$'000	Share premium US$'000	Capital contribution US$'000	Share-based payment reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000
Balance at 1 January 2018	**520**	**157,188**	**458**	**4,551**	**—**	**(35,565)**	**127,152**
Loss for the year	—	—	—	—	—	(14,779)	(14,779)
Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	—	(14,779)	(14,779)
Transactions with shareholders:							
Equity-settled share-based payments	—	—	—	1,357	—	—	1,357
Issue of ordinary shares to shareholders, net of issue costs	720	152,385	—	—	—	—	153,104
Issue of warrants	—	—	—	—	(4,989)	—	(4,989)
Cancellation of share premium	—	(309,573)	—	—	—	309,573	—
Balance at 31 December 2018	**1,240**	**—**	**458**	**5,908**	**(4,989)**	**259,229**	**261,846**
Adjustments due to adoption of IFRS 16 (note 19)	—	—	—	—	—	(450)	(450)
Balance at 1 January 2019 (adjusted)	**1,240**	**—**	**458**	**5,908**	**(4,989)**	**258,779**	**261,396**
Loss for the year	—	—	—	—	—	(82,192)	(82,192)
Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	—	(82,192)	(82,192)
Transactions with shareholders:							
Equity-settled share-based payments	—	—	—	540	—	—	540
Issue of ordinary shares to shareholders, net of issue costs (note 26)	153	61,204	—	—	—	—	61,357
Warrants expired	—	—	—	—	4,989	(4,989)	—
Balance at 31 December 2019	**1,393**	**61,204**	**458**	**6,448**	**—**	**171,598**	**241,101**

Notes to the Financial Statements
for the year ended 31 December 2019

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 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 18 August 2020.

Savannah was incorporated in the United Kingdom on 3 July 2014. On 16 April 2020, the Company changed its name from Savannah Petroleum PLC to Savannah Energy PLC. Savannah's sole activity, until 14 November 2019, was the management of its investment in Savannah Petroleum 1 Limited ("SP1"). SP1 was incorporated in Scotland on 3 July 2013. SP1's principal activity is the management of its investment in Savannah Petroleum 2 Limited ("SP2"), and the provision of services to other companies within the Group. SP2 has a 95% interest in Savannah Petroleum Niger SA ("Savannah Niger") whose principal activity is the exploration of hydrocarbons in the Republic of Niger.

On 14 November 2019 Savannah acquired certain operational entities and assets from Seven Energy International Limited and its subsidiaries (the "Transaction"). This has resulted in a significant expansion of the business. The principal activity of these entities is the exploration, development and production of crude oil and natural gas in Nigeria.

The Company is domiciled in the UK for tax purposes and its shares were listed on the Alternative Investments Market ("AIM") of the London Stock Exchange on 1 August 2014.

All the Group's subsidiaries' functional currency 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

The consolidated financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements of the Group incorporate the results for the year ended 31 December 2019.

Going concern

The funding and liquidity position of the Group has fundamentally changed during the year following the completion of the Nigeria acquisition. The Group is now a material cash generative business but this also brings exposure to a wider range of risks that require to be considered when looking at the Group funding and liquidity position. The Group has entered 2020 in a strong financial position with cash on balance sheet of US$46.3 million and high receivables that it expects to collect from its customers in 2020 and the Board remains satisfied with the Group's funding and liquidity position.

The Directors have reviewed the Group's forecasted cash flows as well as the funding requirements of the Group for the twelve months from the date of publication of this Annual Report. The capital expenditure and operating costs used in these forecasted cash flows are based on the Company'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. This corporate budget was prepared on a "bottom up" basis and it reflects the Company's best estimate of forecast operating and capital expenditures, and general and administrative costs. Management regularly monitors performance against budget and the Directors believe it reflects a fair and realistic basis for future performance.

As detailed in the financial statements, the Group has a range of financing arrangements in place with different groups of lenders. Certain financing agreements contain forward-looking financial covenants and management monitors performance against these covenants as part of the cash flow forecasting and monitoring processes. The Group is forecasting to meet its financial covenant obligations.

The Directors have considered the impact on the forecasted cash flows of the low oil price environment and potential impact on demand resulting from the COVID-19 virus, as well as counterparty credit risk. In reviewing the potential impact of COVID-19, the Directors have considered a wide range of matters including: (i) wellbeing of our staff, (ii) the overall business environment in Niger and Nigeria, (iii) impact on operational efficiency from the restrictions on movement of people and goods imposed by governments, (iv) foreign currency liquidity constraints and (v) the potential need for further currency devaluation of the Naira following a decline in foreign currency revenues.

The Directors believe that the impact on the Group from the COVID-19 virus during 2020 has been fairly limited. Most importantly, the Group is adhering to local government regulations in each of the countries in which it operates and has implemented various measures to ensure that operations can continue in a safe and efficient manner. In Nigeria, operations have continued on an uninterrupted basis. The Group has not furloughed any staff and all office-based staff in the UK and Nigeria are working from home, with new protocols including social distancing implemented for all field-based operational personnel. As detailed in the CEO's Review, the Group has seen record levels of gas delivery from the Accugas operations during the first half of 2020 and anticipates this strong demand will continue. Following the COVID-19 outbreak, certain updates have been made to the base case to reflect updated economic assumptions such as Naira devaluation which took place in April 2020; however, given the limited impact on the business from COVID-19, management does not consider that any material changes are required to its base case model.

The base case model assumes that cash collections from the Group's gas customers in Nigeria are received on a timely and regular basis in line with the agreed contracts. The Company anticipates that new customers will be secured which will provide incremental revenues and cash flow, however the going concern base case model conservatively only assumes that existing customers are supplied and that no new contracts are entered in to. Forecast oil revenues from Stubb Creek are based on in-house production forecasts which are in line with the forecasts in the current Competent Persons Report and using an oil price based on consensus market view of US$45/bbl for 2020 and average of US$51/bbl for 2021. The base case model assumes that all debt repayments are made in accordance with loan agreements, and fiscal payments to governments are made as scheduled during the period.

The Company has undertaken significant sensitivity analysis on its cash flow forecasts during 2020 both internally and with external advisers. The following key areas were considered in sensitivity analysis: (i) timing and quantum of payment from customers, (ii) commodity pricing, (iii) accelerated payment required for accrued expenses, (iv) increased inflationary pressures in Nigeria and (v) delays to capital projects and impact on production volumes.

The funding and liquidity position of the Group, together with its robust business model, largely mitigates the risks arising from these sensitivities. Firstly, the Group benefits from underlying long-term, take-or-pay gas contracts in Accugas and these contracts are underpinned by external credit support (including the partial risk guarantee covering payments from Calabar, and a standby letter of credit from an investment grade bank supporting payments from Unicem). Over 90% of the revenue base is investment grade calibre and the risk of non-payment is considered by the Directors to be mitigated. The Group's direct exposure to oil price is limited given that liquids revenues account for approximately 8% of total forecast revenues for 2020. The Company has considered sensitivities to oil price and this is not considered to be a material risk.

Given its high equity ownership levels and operatorship of all key assets, the Group has significant levels of control over capital and operating spend. The Group has only minimal committed capital spend and in sensitivity analysis, therefore the Group can directly manage costs where necessary. The operating cash flows and funding available to the Group are sufficient at all times during the forecast period to meet obligations as required whilst maintaining an appropriate level of headroom.

As a result, the Directors consider that, in a low-price environment, the Company has sufficient resources at its disposal to continue operating for the foreseeable future. The foreseeable future is defined as being not less than twelve months from the date of publication of these consolidated financial statements. On this basis, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

2. Basis of preparation continued

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.

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 ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the 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 parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

In February 2018, the Group acquired in excess of 90% of Seven Energy International Limited's ("SEIL") 10.25% Senior Secured Notes ("SSNs") from various bondholders via an exchange offer. This was the initial step to acquire the relevant assets and entities from SEIL, ("the Seven Energy Group assets and entities" or "Seven Energy Group"). The Group confirmed at the time of the acquisition of the SSNs that this did not confer control of the Seven Energy Group by the Company and therefore the Group did not consolidate Seven Energy Group's financial results in the Group financial statements for the year ended 31 December 2018. Control was not conferred since the purchase of SSNs did not give the Group the ability to direct the relevant activities of the Seven Energy Group. See note 17 for further information on the SSNs. Control finally passed on 14 November 2019 as described in note 29.

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.

Employee Benefit Trust

The Group operates an Employee Benefit Trust on behalf of its employees but this has not been consolidated as it is not deemed material.

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 2019:

Standard	Key requirements	Effective date as adopted by the EU
IFRS 16	Leases – introduces a single lessee accounting model and eliminates the previous distinction between an operating and a finance lease.	1 January 2019
IFRIC 23 interpretation	Uncertainty over Income Tax Treatment – the interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.	1 January 2019
Amendments to IAS 23	Borrowing Costs – clarifies that any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	1 January 2019
Amendments to IAS 12	Income Taxes – clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits.	1 January 2019

IFRS 16: Leases

The Group has applied IFRS 16 as of the 2019 financial year. IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 superseded the previous lease guidance including IAS 17: Leases and the related interpretations when it became effective for accounting periods beginning on or after 1 January 2019. The Group has elected to use the modified retrospective approach for the transition option in IFRS 16.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low-value assets.

IFRIC 23 interpretation: Uncertainty over Income Tax Treatment

The interpretation has no impact on the Group's financial information.

Amendments to IAS 23: Borrowing Costs

The Group has determined that the amendment does not have a material impact on its current or future reporting periods.

Amendments to IAS 12: Income Taxes

The Group has determined that the amendment does not have a material impact on its current or future reporting periods.

Foreign currency translation

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.

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 Group operates, based on the following facts:

- oil and gas reserves 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 either generated in US Dollars or are raised in GBP and immediately converted to US Dollars.

3. Significant accounting policies continued

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 and included in administrative expenses if not material. 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. 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 reassesses 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 profit or loss and other comprehensive income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

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.

Sale of gas

Revenue from sale of gas delivered is recognised over time when control of the asset is transferred to the customer, generally on delivery of the gas at the delivery point. The normal credit term is 30 days upon delivery.

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 and consideration payable to the customer (if any).

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 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. As a practical expedient, 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.

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 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 or before payment is due, or not invoiced at the reporting date, 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 – initial recognition and subsequent measurement.

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 infrastructure facilities such as process plant, pipelines 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.

3. Significant accounting policies continued

Depletion and depreciation

Depletion and depreciation is 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	
Exploration and development costs	Unit[1]
Geological and geophysical costs, exploration drilling costs and development drilling costs	Unit[1]
Right-of-use assets	
Leasehold buildings	Life of the lease
Infrastructure assets	
Pipeline and facilities	5-30
Equipment	5-10
Other assets	
Computers	3
Motor vehicles	4
Furniture and fixtures	5-10

1. Dependent on a unit-of-production using proved and probable reserves.

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. 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 the "successful efforts" method of accounting per IFRS 6: Exploration for and Evaluation of Mineral Resources. The successful efforts method means that 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 costs 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.

Long-lead items are classified within Property, plant and equipment and transferred to exploration and evaluation assets once utilised in operations. Refer to note 16 for reclassification during 2018.

Leases

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. Furthermore, the classification of cash flows will also be affected because operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. Refer to note 19 Right-of-use assets, for the reconciliation between the operating lease commitment in the prior period and the closing lease liability.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to note 19 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application;
- applied the short-term leases exemptions to leases with a lease term that ends within twelve months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The lease liability recognised under IFRS 16 is measured on a discounted basis, whereas the operating lease commitments disclosed as at 31 December 2018 were disclosed on an undiscounted 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, i.e. the rate as at 1 January 2019. 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). The weighted average discount rate used on transition was 4.75% per annum.

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.

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.

3. Significant accounting policies continued

Impairment

Property, plant and equipment and intangible assets (excluding exploration and evaluation assets)

At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets 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 separately identifiable cash flows. 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 its 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 IFRS 6. In particular, the Group has carefully considered whether there are any impairment indicators for the Niger R1/R2 and R3/R4 licence areas and as updated below. The Group has concluded that neither zone requires impairment analysis, per the guidance detailed in IAS 36. Any impairment that would otherwise have been identified, is immediately charged to the statement of comprehensive income.

The initial phase of R1/R2 expired in July 2019, However, during the first half of 2020, the Company agreed with the 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, thus retaining the full acreage position previously covered by the R1/R2 PSC and the R3/R4 PSC. Ratification of the new R1/R2/R4 PSC is subject to Council of Minister approval, and payment of the associated fee. More details are set out in note 16.

Financial assets

Loans

Loans are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Refer to note 23 for further information.

In 2018, the Senior Secured Notes were classified as a long-term receivable, measured at fair value through profit or loss. Refer to note 17 for further information on this line item.

Call option Fair value through profit or loss ("FVTPL")

In 2019 the Group issued a loan note which under the repayment terms gives it an option to repay the loan at a discount to the face value of the note. This option has been separated out from the host contract and valued as an embedded derivative, and is measured at FVTPL.

Amounts due from Group and other receivables

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 an approximation of 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 twelve months (a twelve-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 trade receivables and contract assets, 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 debtors and the economic environment. 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 twelve-month ECL at each reporting date.

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.

Interest in jointly controlled entities is 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.

Savannah granted to each participant in the two-tranche equity placing (the first and second tranches having taken place in December 2017 and February 2018 respectively) one warrant to subscribe for ordinary shares for every two placing shares subscribed. The shares are denominated in Sterling, however the reporting currency of the Group is the US Dollar. The "fixed for fixed" test therefore does not pass and the warrants are treated as a financial liability at FVTPL.

The warrants are exercisable twelve months post second tranche equity placing, at an exercise price of £0.35. None of the warrants were exercised and lapsed entirely in February 2019 (at their expiry date).

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 income statement. Fair value is determined in the manner described in note 34.

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 as finance costs in profit or loss.

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 measured at fair value.

3. Significant accounting policies continued

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.

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.

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 period

Current and deferred tax are recognised as an expense or income in profit or loss, 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 gas assets are stated at their net realisable values and changes in net realisable values are recognised in the income statement.

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 and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand and short-term deposits with an original maturity of three months. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined. This includes maintenance of certain cash balances associated with the Group's debt service requirements.

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 balance sheet date, taking into account 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 profit or loss and other 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. Any decommissioning obligations that arise through the production of inventory are expensed as incurred. 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. 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 expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as a finance cost.

The Group recognises neither the deferred tax asset arising from the temporary difference on the decommissioning liability nor the corresponding deferred tax liability regarding the temporary difference on a decommissioning asset as no taxable profits are expected to be generated at the time of decommissioning.

Share-based payments

The Group issues equity-settled share-based payments to some of its employees and Directors through stock options 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 and this reserve is transferred to the accumulated deficit account over time when such shares become vested.

The proceeds received net of any directly attributable costs are credited to share capital (nominal value) and share premium in the Company. Certain third-party liabilities were also settled during the year via the issue of shares.

The Company has the obligation to deliver the shares. The Company recognises an increase in the investment in the subsidiary as a capital contribution from the parent and a corresponding increase in equity.

3. Significant accounting policies continued

Capital

The capital structure of the Group consists of equity attributable to the owners of the Company, comprising issued capital, the capital contribution reserve, the other reserve in respect of stamp tax arising on the issue of equity, the share-based payment reserve and the accumulated deficit.

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. In 2018 the share premium was cancelled during the year via court application.

Capital contribution

The capital contribution reserve comprises the capital contribution that was made by shareholders of the Company as part of the debt to equity conversion.

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.

Other reserves

The Other reserves figure represents the reclassification of the fair value of warrants granted from equity to a financial liability, at initial grant date. See note 26 for further information.

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, received from the issue of shares, and from 14 November 2019, 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 members 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.

Employee benefits

Defined contribution plan

In line with the Pension Reform Act, 2014, 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 into a separate entity. Employees' contributions to the scheme are funded through payroll deductions while the Group's contributions are charged to profit or loss in the period to which the contributions relate. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets.

Short-term employee benefits

(i) Rewards

Short-term employee benefits are rewards such as wages, salaries, paid annual leave and bonuses (if payable within twelve months of the end of the period) 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 on a monthly basis.

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.

Critical accounting judgements

Business combination and consideration

When the Company announced its intention to acquire the Seven Energy Group in 2017 it constituted a "reverse takeover" of the Company pursuant to the AIM Rules for Companies. Under IFRS 3: Business Combinations, a reverse acquisition occurs when the entity that issues consideration securities (the legal acquirer) is identified to be the acquiree for accounting purposes in line with the provisions of IFRS 3. In such a case, the legal acquiree must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition. However, where the legal acquiree is considered to be a business (as defined by IFRS 3), and the legal acquirer can demonstrate that the acquisition did not give control to the legal acquiree shareholders or to the acquiree's management team, then the acquisition would not be accounted for as a reverse acquisition. IFRS 10: Consolidated Financial Statements states that an investor controls an investee, if and only if, the investor has power over the investee i.e. it can control the investee's activities, has exposure, or rights, to the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the investee's returns. In the judgement of the Directors, the acquisition of the Seven Energy Group should not be accounted for as a reverse acquisition.

The fair value of the consideration comprised both equity instruments and loan receivable financial assets and were required to be fair valued at the date of acquisition. More information on the nature of these loan receivable financial assets is set out in notes 17, 23 and 29. When the Company purchased the Seven Energy Group's 10.25% Senior Secured Notes ("SSNs") in 2018 from the note holders, it also gave the note holders the option to subscribe for additional equity in the Company and a US$20 million loan note in exchange for US$20 million of cash (as described in note 31). Accounting for the fair value of the different components of the instruments issued in excess of the cash received amounted to US$21.0 million. This was judged to be related to the initial exchange offer for the SSNs. Therefore, as the SSNs were contributed as part of the purchase consideration for the acquisition, this additional amount has also been included within the purchase consideration (note 29).

Long-term financial assets

As described in note 2 and above, the Company purchased a material long-term financial asset (10.25% SSNs) during 2018. The Group confirmed at the time that it did not confer control of Seven Energy Group by the Company and therefore the Company did not consolidate Seven Energy Group's financial results in the Group financial statements. Control was not conferred since the purchase of the SSNs did not give the Company the ability to direct the relevant activities of Seven Energy. Control was finally conferred on 14 November 2019 following legal completion of the acquisition, as described in note 29.

4. Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements continued

Non-controlling interest – transaction with equity holders

On the same day as the Company's acquisition of the Seven Energy Group, investment funds controlled by the Africa Investment Infrastructure Fund Manager ("AIIM") subscribed for new shares in two of the Company's newly acquired wholly owned subsidiary holding companies, therefore reducing the Company's effective share in these companies, and any other entities directly owned by these holding companies, from 100% to 80% (note 28). The Company judged these transactions to be two distinct transactions, principally because the Company was not dependent on AIIM's subsequent investment in order to complete the acquisition and AIIM were not party to the sale of entities and assets between the Company and SEIL. Therefore the initial transaction was recorded by the Group to acquire 100% of the Seven Energy Group assets and entities and then separately account for AIIM's investment as a transaction with equity holders. The balance sheet for determining the accounting adjustments for transactions with equity holders was the fair value balance sheet that the Company acquired on the same day.

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 assets acquired from the Seven Energy Group, these were considered to form a single CGU.

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 their 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.

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

Purchase price allocation

Under a business combination the Company is required to allocate the fair value of the consideration paid to be allocated to the separable assets acquired and to the liabilities assumed through a purchase price allocation ("PPA") process. The PPA process also requires the Company to fair value the separable assets acquired and liabilities assumed. This also includes recognising intangible assets not previously recorded. For the purposes of this transaction, two such intangibles were recognised and valued. These were oil and gas reserves within the Upstream business, and the gas sales agreements within the gas infrastructure and marketing business. In recognising these assets an appropriate valuation basis was agreed which complied with the requirements of "highest and best" use of the asset by market participants. For these assets it was deemed appropriate to use an "income approach" which is based on estimated future income streams. For tangible assets, such as pipelines and processing facilities, it was appropriate to use a "cost replacement" approach adjusted for both physical/functional and economic obsolescence. The fair value of the oil and gas reserves were recorded within Oil and gas assets within Property, plant and equipment.

Measurement of deferred tax assets and liabilities at acquisition was measured in line with judgements set out below under Income and deferred taxes set out below.

Income and deferred taxes

Judgement is required to determine which types of arrangements are considered to be 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 un-utilised tax losses, 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.

The deferred tax assets presented in the combined financial information 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, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred income tax assets recorded at the reporting date could be impacted. With respect to the business combination of the Seven Energy Group at the acquisition date, the Group assessed the Seven Energy Group's unused trading losses and capital allowances and whether the underlying forecasts and the assumptions thereon supported the recognition of any deferred tax assets together with making adjustments for any deferred tax liabilities associated with any fair value adjustments.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for 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 will calibrate 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 in the manufacturing sector, 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 of 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. The information about the ECLs on the Group's restricted cash, trade and other receivables is disclosed in the note below.

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.

A number of 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.

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 are 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.

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 judgement is required in establishing fair values. The judgements 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.

US$20 million SSN and call option

As described above and set out in note 31, 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.

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.

Recoverability of Upstream oil and gas and Infrastructure assets

Management is required to assess the Group’s Upstream oil and gas and Infrastructure assets for indicators of impairment. Management takes into account the Group’s latest development plans and business strategies and applies judgement in determining the appropriate cash-generating units for the purpose of applying the annual impairment assessment. Management compares the carrying value of these assets to the estimated net present value of the underlying oil and gas reserves and related future cash flows that could be generated from these reserves based upon estimates of future revenues, development costs and operating costs and applying a suitable pre-tax discount rate. The reserve 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.

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. Further details are provided in note 16.

Share-based payments

The share-based payment charge is determined based on a number of judgements, including the selection of an appropriate valuation model, and is based on the estimation of the number of awards that will ultimately vest, and vesting periods. Further details are provided in note 27.

Warrants

The fair value of the warrants is based on a number of judgements, including the selection of an appropriate valuation model. Further details are provided in note 34.

Long-term financial assets

A material long-term financial asset (10.25% Senior Secured Notes) was acquired during 2018. Refer to note 17 for the accounting estimate applied to this valuation.

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. Therefore, the expected timing and amount of revenue may change based on quantity delivered and make-up quantity taken.

Oil/condensates production entitlement

Lifting arrangements for oil produced in some of the Group's operations are accounted for as Joint Operations ("JO") such that each participant receives and sells its precise share of the overall production in each period. Under the funding agreement with its JO partner, SINOPEC International Petroleum Exploration and Production Company Nigeria Limited ("SIPEC"), the Group is entitled to 20% of the crude oil production after crude oil allocation to settle royalty and overriding royalty payable to the Federal Government of Nigeria and the leaseholder respectively, until cost recovery is reached. Thereafter, the Group is entitled to receive 35% of the crude oil production after an allocation for royalty payments.

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 facilitating the acquisition of the Seven Energy Group entities as detailed in note 29. As a result of the acquisition of the Seven Energy Group entities, the comparative segmental reporting for the prior year has been restated to provide better comparability of the Group's results and position.

The following is an analysis of the Group's revenue and results by reportable segment in 2019:

	Nigeria US$'000	Niger US$'000	Unallocated US$'000	Total US$'000
Revenue	17,758	—	—	17,758
Cost of sales	(11,514)	—	—	(11,514)
Gross profit	**6,244**	**—**	**—**	**6,244**
Administrative and other operating expenses	(2,121)	(419)	(11,041)	(13,581)
Transaction costs	(9,633)	—	(20,099)	(29,732)
Expected credit loss on financial assets	(431)	—	—	(431)
Operating loss	**(5,941)**	**(419)**	**(31,140)**	**(37,500)**
Finance income	—	—	1,378	1,378
Finance costs	—	—	(12,173)	(12,173)
Gain on acquisition of subsidiaries	10,209	—	—	10,209
Fair value adjustment	—	—	(54,664)	(54,664)
Foreign translation loss	—	—	(12,663)	(12,663)
Profit/(loss) before tax	**4,268**	**(419)**	**(109,262)**	**(105,413)**
Segment assets	**927,737**	**157,785**	**59,491**	**1,145,013**
Segment liabilities	**(872,560)**	**(24,968)**	**(16,080)**	**(913,608)**

5. Segmental reporting continued

The following is an analysis of the Group's revenue and results by reportable segment in 2018. This has been re-presented to allow for improved consistency to 2019.

	Nigeria US$'000	Niger US$'000	Unallocated US$'000	Total US$'000
Administrative and other operating expenses	—	(669)	(12,700)	(13,369)
Transaction costs	—	—	(14,700)	(14,700)
Operating loss	**—**	**(669)**	**(27,400)**	**(28,069)**
Finance income	—	—	869	869
Finance costs	—	—	(1,413)	(1,413)
Fair value adjustment	—	—	4,953	4,953
Foreign translation loss	—	—	(948)	(948)
Loss before tax	**—**	**(669)**	**(23,939)**	**(24,608)**
Segment assets	**—**	**153,930**	**112,304**	**266,234**
Segment liabilities	**—**	**(32,109)**	**(6,320)**	**(38,429)**

Transaction costs are related to expenditures incurred in relation to the corporate advisory and restructuring costs associated with the acquisition of the Seven Energy Group.

In 2018, Management deemed that there was only one segment – Niger, and no further detailed breakdown was provided other than that provided in the Consolidated Statement of Comprehensive Income and in the Consolidated Statement of Financial Position. As stated above, following the acquisition of the Seven Energy Group assets and entities, the prior year information has been restated for comparative purposes.

6. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Year ended 31 December	**2019 US$'000**	2018 US$'000
Gas sales	**16,844**	—
Oil sales	**914**	—
Total revenue from contracts with customers	**17,758**	—

Revenue has been recorded from the date of acquisition of the Nigerian entities. Gas sales represents gas deliveries made to the Group's three customers under long-term, take-or-pay gas sale agreements; these comprise two power stations and a cement production facility. The Group sells oil under a sales and purchase agreement with ExxonMobil Sales & Supply LLC ("EMS&SLLC") at prevailing market prices.

7. Cost of sales

Year ended 31 December	**2019 US$'000**	2018 US$'000
Depreciation and depletion – oil and gas, and infrastructure assets (note 15)	**8,850**	—
Facility operation and maintenance costs	**1,505**	—
Royalties	**715**	—
Other	**444**	—
	11,514	—

8. Operating loss

Operating loss has been arrived at after charging:

Year ended 31 December	**2019 US$'000**	2018 US$'000
Staff costs (note 9)	**9,759**	6,912
Depreciation and depletion – other assets (note 15)	**235**	312
Depreciation – right-of-use assets (note 19)	**566**	—
Transaction expenses[1]	**29,732**	14,700

1. Transaction expenses are net of a US$15 million cash contribution from Africa Infrastructure Investment Managers which provided some additional funding of these expenses.

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor:

Year ended 31 December	**2019 US$'000**	2018 US$'000
Fees payable to Grant Thornton UK LLP for the audit of the Group's annual accounts	**245**	89
Fees payable to Grant Thornton UK LLP for the audit of the Group's subsidiaries	**41**	—
Fees payable to Deloitte Lagos for the audit of the Group's subsidiaries	**165**	—
Total audit fees payable	**451**	89
Fees payable to Grant Thornton UK LLP and their associates for other services to the Group		
Audit-related assurance services	**12**	23
Other taxation advisory services	**—**	5
Total non-audit fees payable to Grant Thornton UK LLP and their associates	**12**	28

9. Staff costs

The average monthly number of permanent employees (including Executive Directors) during the year was:

	2019 No.	2018 No.
Management	**6**	5
Administration and support	**15**	3
Operations	**19**	10
	40	18

The increase was due to the acquisition of the Seven Energy Group from 14 November 2019. The total number of employees at the year end was 169 (2018: 18).

Employee benefits recognised as an expense during the year comprised:

Year ended 31 December	**2019 US$'000**	2018 US$'000
Wages and salaries	**8,302**	5,041
Share-based payments	**540**	1,357
Pension, social security and other benefits costs	**917**	514
	9,759	6,912

9. Staff costs continued

Directors' remuneration during the year comprised:

Year ended 31 December	2019 US$'000	2018 US$'000
Wages and salaries, and fees	**4,072**	3,628
Share-based payments	**511**	1,379
Pension costs	**81**	14
Other benefits	**5**	68
	4,669	5,089

Further details of Directors' remuneration are provided in the Directors' Remuneration Report.

10. Finance income

Year ended 31 December	2019 US$'000	2018 US$'000
Loan interest	**1,378**	869
	1,378	869

Interest was recognised on the loan to the Seven Energy Group prior to its acquisition. The loan balance was subsequently contributed as part of the purchase consideration.

11. Finance costs

Year ended 31 December	2019 US$'000	2018 US$'000
Bank charges	**612**	12
Interest on bank borrowings and loan notes	**9,553**	1,401
Unwinding of decommissioning discount (note 32)	**564**	—
Other finance costs	**1,443**	—
	12,173	1,413

12. Foreign translation loss

Year ended 31 December	2019 US$'000	2018 US$'000
Realised loss	**13,478**	830
Unrealised (gain)/loss	**(815)**	118
	12,663	948

Realised foreign translation loss mainly related to Nigerian trade receivables which were invoiced in US Dollars and where customers are able to pay in local currency (Naira). In addition, the realised loss included non-recurring losses on settlement of some legacy balances with one of the Group's joint arrangements.

13. Income tax

The tax (credit)/expense for the Group is:

Year ended 31 December	**2019 US$'000**	2018 US$'000
Current tax		
– Current year	**342**	—
– Adjustments in respect of prior years	**—**	5
Deferred tax (note 18)		
– Current year	**(8,907)**	—
Total tax (credit)/expense for the year	**(8,566)**	5

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$3.1 million (2018: US$nil) relate to the corporation tax liabilities in Nigeria, France and the UK. As a consequence of the acquisition of the Seven Energy Group assets and entities, the tax rate used for 2019 reconciliation is the Nigerian rate of 30%, as income-generating activities occur principally in that jurisdiction. In 2018, the UK corporation tax rate of 19% was used.

Year ended 31 December	**2019 US$'000**	2018 US$'000
The (credit)/expense for the year can be reconciled per the Statement of Comprehensive Income as follows:		
Loss on ordinary activities before taxes	**(105,413)**	(24,608)
Loss before taxation multiplied by the tax rate of 30.0% (2018: 19.0%)	**(31,624)**	(4,676)
Tax effects of:		
Expenses disallowed for taxation purposes	**(2,871)**	—
Other Nigerian corporate taxes	**(335)**	—
Unrecognised losses in parent and other holding company entities	**24,713**	2,808
Other temporary differences not recognised	**1,551**	1,868
Adjustments in respect of prior years	**—**	5
Tax (credit)/charge for the year	**(8,566)**	5

14. Earnings per share

Basic loss per share is calculated by dividing the loss for the years attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the loss for the periods attributable to owners of the parent 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. The effect of any outstanding share options or warrants is anti-dilutive in both years, and is therefore excluded from the calculation of diluted loss per share.

Year ended 31 December	**2019 US$'000**	2018 US$'000
Earnings		
Loss attributable to owners of the parent	**(92,585)**	(24,519)
	Number of shares	Number of shares
Basic and diluted weighted average number of shares	**889,971,159**	757,050,293
	US$	US$
Loss per share		
Basic and diluted	**(0.10)**	(0.03)

15. 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 2018[2]	1,623	—	1,810	3,433
Additions	1,105	—	258	1,363
Reallocation to exploration and evaluation assets (see note 16)[1]	(1,140)	—	(413)	(1,553)
Balance at 31 December 2018	1,588	—	1,655	3,243
Additions	2,062	3,556	110	5,728
Recognised on acquisition of subsidiaries (note 29)	164,240	453,858	1,114	619,212
Balance at 31 December 2019	**167,890**	**457,414**	**2,879**	**628,183**
Accumulated depreciation				
Balance at 1 January 2018[2]	(34)	—	(466)	(500)
Depreciation charge	(56)	—	(256)	(312)
Balance at 31 December 2018	(90)	—	(722)	(812)
Depletion and depreciation charge	(3,179)	(5,671)	(235)	(9,085)
Balance at 31 December 2019	**(3,269)**	**(5,671)**	**(957)**	**(9,897)**
Net book value				
Balance at 31 December 2018	1,498	—	933	2,431
Balance at 31 December 2019	**164,621**	**451,743**	**1,922**	**618,286**

1. Long-lead items are classified as property, plant and equipment and transferred to exploration and evaluation assets once utilised in exploration.
2. The prior year comparative information has been re-presented and allocated between Upstream oil and gas assets, Infrastructure assets and Other assets to align with the categories within the acquired Nigerian entities.

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.

Company

	Other assets US$'000	Total US$'000
Cost		
Balance at 1 January 2018	335	335
Additions	194	194
Balance at 31 December 2018	529	529
Additions	208	208
Balance at 31 December 2019	**737**	**737**
Accumulated depreciation		
Balance at 1 January 2018	(132)	(132)
Depreciation charge	(49)	(49)
Balance at 31 December 2018	(181)	(181)
Depreciation charge	(65)	(65)
Balance at 31 December 2019	**(246)**	**(246)**
Net book value		
Balance at 31 December 2018	348	348
Balance at 31 December 2019	**491**	**491**

16. 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/R2 and R3/R4 licence area in the Republic of Niger, under two Production Sharing Agreements ("PSCs") respectively, as described and updated below for changes in the license position.

	Total US$'000
Balance at 1 January 2018	111,733
Additions	37,139
Reallocation from plant, property and equipment (see note 15)	1,553
Balance at 31 December 2018	150,425
Additions	4,320
Balance at 31 December 2019	**154,745**

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. Refer to note 3 for further information on impairment analysis of the Group's exploration and evaluation assets. Included within these assets are intangible assets such as drilling costs, seismic data and capitalised overheads which amount to US$148.5 million (2018: US$144.4 million).

The initial phase of R1/R2 expired in July 2019, However, during the first half of 2020, the Company agreed with the 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, thus retaining the full acreage position previously covered by the R1/R2 PSC and the R3/R4 PSC. Ratification of the new R1/R2/R4 PSC is subject to Council of Minister approval, and payment of the associated fee.

Company

No exploration and evaluation assets were capitalised by the Company as at the statement of financial position date.

17. Long-term financial asset

As at 31 December	Group 2019 US$'000	Company 2019 US$'000	Group 2018 US$'000	Company 2018 US$'000
10.25% Senior Secured Notes				
– Cash consideration	–	–	40,910	40,910
– Equity consideration	–	–	48,046	48,046
	–	–	88,956	88,956

On 7 February 2018, the Group completed an exchange offer on the 10.25% Senior Secured Notes ("SSNs") previously issued by a subsidiary of SEIL and acquired US$305,623,123 principal amount of the outstanding SSNs, representing 96.04% of the outstanding SSNs.

For IFRS 9 purposes, the SSNs were not held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. They were expected to ultimately form part of the consideration for the relevant Seven Energy Group assets that were being acquired from SEIL upon completion of the Transaction. The Group was therefore required to measure the SSNs at FVTPL. On 14 November 2019, the Group obtained control of the relevant Seven Energy Group assets and entities.

At the acquisition date the SSNs were revalued on the same basis as described below. These were revalued to US$34.3 million, resulting in a FVTPL loss of US$54.7 million. The significant downward revaluation principally related to revised valuation assumptions of the underlying entities, together with restructuring of some of the entities' inter-company debt balances for third-party debt borrowings that were priced at market values and resulted in a reduction in the underlying net asset values. The revalued amount of US$34.3 million was then transferred between two of the Company's investment holding companies in order to acquire the relevant Seven Energy Group entities and assets. The transferred amounts to these investment holding companies were recorded as "Investment in subsidiaries" in these entities.

In order to complete the Transaction, all of the held SSNs were transferred to the notes' Trustee who cancelled these notes and then re-issued new notes, to the Company, amounting to US$153,623,123, a reduction of US$152,000,000 to the previously held SSNs. The residual notes remain secured on the remaining assets of SEIL not acquired by the Company. No value has been ascribed to these notes as the remaining assets and entities of SEIL have entered, or will enter, into liquidation proceedings and the prospects of any financial recovery from this process is deemed to be negligible.

In determining the fair value of the SSNs, management carefully considered the use of a "level 1" active market value (in terms of IFRS 13), however the lack of an active trading market for the SSNs led management to conclude that any publicly quoted values are not a reasonable presentation of their fair value. Management therefore sought alternative observable means to reasonably calculate the fair value of the SSNs.

To this end, an "income approach" was applied, whereby the discounted cash flow of assets within certain entities over which the SSNs were secured were calculated, together with considering the overall fair net asset value of these entities. Management considered this to be a reliable "level 3" input for the valuing of the SSNs.

The discount rate applied in the discounted cash flow of the applicable assets was 18% (2018: 16%). In completing the discounted cash flow, management took into account the following inputs, with their respective sensitivities included within the descriptions:

- oil price – forecasted based on Brent forward pricing, sensitive to forecasted fluctuations in the United States Consumer Price Index ("US CPI");
- gas price – based on a fixed price negotiated, sensitive to fluctuations in the US CPI;
- oil volumes – based on management's assessment of 2P reserves, sensitive to the estimated amount of downtime;
- gas volumes – based on management's assessment of 2P reserves, with take-or-pay volumes being applied;
- operating expenditure – management bases this on past run rates and historical performance, with expected repairs and relevant US/Nigeria inflation also factored in as appropriate; and
- capital expenditure – based on internal estimates and reviewed by the applicable "Competent Person", subject to relevant US/Nigeria inflation adjustments.

18. 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$'000	Unrealised FX (gain)/loss US$'000	Tax losses US$'000	Other provisions US$'000	Total US$'000
Balance at 1 January 2018	—	—	—	—	—
Movements	—	—	—	—	—
Balance at 31 December 2018	—	—	—	—	—
Adjustments in respect of prior years	—	—	—	—	—
Acquisition of subsidiaries	97,028	(15,178)	119,646	(1,040)	200,456
Credit/(expense) to Statement of Comprehensive Income (note 13)	2,472	(93)	5,907	621	8,907
Balance at 31 December 2019	**99,500**	**(15,271)**	**125,553**	**(419)**	**209,363**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the net deferred tax balances for financial reporting purposes:

	2019 US$'000	2018 US$'000
Deferred tax assets	**259,410**	—
Deferred tax liabilities	**(50,047)**	—
Deferred tax assets (net)	**209,363**	—

At the balance sheet date, the Group and the Company have unused tax losses of US$411.6 million and US$17.3 million respectively, (2018: Group, US$39.4 million; Company, US$10.9 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$354.2 million (2018: US$nil) 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$57.4 million (2018: US$39.4 million) of losses. No deferred tax asset was recognised by the Company (2018: US$nil). Losses will 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.

	2019 US$'000	2018 US$'000
Fixed assets	**65,464**	—
Tax losses	**83,038**	—
Total deferred tax assets	**148,502**	—

19. Right-of-use assets

Group and Company

The Group has lease contracts for buildings used in its operations. These leases generally have lease terms between five and ten years. The Group also has certain leases of assets with lease terms of twelve months or less and leases of office equipment with low value 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.

The net impact of adopting IFRS 16 as at 1 January 2019 is set out below:

	US$'000
Assets	
Right-of-use assets	4,606
Total assets	**4,606**
Liabilities	
Lease liabilities – current	(231)
Lease liabilities – non-current	(4,825)
Total liabilities	**(5,056)**
Equity	
Retained earnings reduction	450

Set out below are the carrying amounts of the right-of-use assets and the movements during the year:

	2019 US$'000
Balance at 1 January 2019	**–**
Effect of initial application of IFRS 16	**4,606**
Adjusted opening balance as at 1 January 2019	**4,606**
Additions	**–**
On acquisition of a subsidiary	**21**
Less: Depreciation	**(566)**
Translation effect	**122**
Balance at 31 December 2019	**4,183**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2019 US$'000
Total undiscounted operating lease commitment as at 31 December 2018	**5,738**
Effect of discounting lease payments	**(317)**
Short-term leases excluded under IFRS 16	**(11)**
Translation effect	**(354)**
Lease liability as at 1 January 2019	**5,056**
Additions	**–**
Accretion of interest	**251**
Payments	**(302)**
Translation effect	**565**
Balance at 31 December 2019	**5,570**

	2019 US$'000
Current	**614**
Non-current	**4,956**
Lease liability	**5,570**

The maturity analysis of lease liabilities is disclosed in note 35. Short-term lease commitments excluded under IFRS 16 amount to US$11,000 at year end.

The following are the amounts recognised in the statement of comprehensive income:

	2019 US$'000
Depreciation expense for right-of-use assets	**566**
Interest expense on lease liabilities	**251**
Expenses relating to short-term leases	**191**
	1,008

20. Restricted cash

Group

As at 31 December	2019 US$'000	2018 US$'000
Restricted cash	**1,828**	–
	1,828	–

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 (2018: US$nil).

21. Investment in subsidiaries

	Company 2019 US$'000	Company 2018 US$'000
Savannah Petroleum 1 Limited	**6,448**	5,908
SPN Limited	**75,339**	75,160
Savannah Petroleum Nigeria Midstream Limited	**17**	–
	81,804	81,068

The Company recognises an increase in the investment in the subsidiary as a capital contribution from the parent and a corresponding increase in equity. During the year there was a share-based payment charge of US$540,000 (2018: US$1,357,000).

21. Investment in subsidiaries continued

The Group subsidiaries are disclosed below. Transactions between subsidiaries and the parent company are eliminated on consolidation.

Name	Nature of business	Country of incorporation	Type of share	Group shareholding[1]
Savannah Petroleum 1 Limited	Investment company	United Kingdom	Ordinary	100%
Savannah Petroleum 2 Limited	Investment company	United Kingdom	Ordinary	95%
SPN Limited	Finance company	Jersey	Ordinary	100%
Savannah Petroleum SAS	Service company	France	Ordinary	100%
Savannah Petroleum Niger SA	Oil exploration company	Niger	Ordinary	95%
Savannah Petroleum and Technologies Innovation Limited	Service company	Nigeria	Ordinary	100%
Savannah Petroleum International Limited	Service company	United Kingdom	Ordinary	100%
Employee Benefit Trust[2]	Employee Trust	Jersey	Ordinary	100%
Savannah Petroleum Nigeria Limited	Investment company	United Kingdom	Ordinary	100%
Savannah Petroleum Nigeria Midstream Limited	Investment company	United Kingdom	Ordinary	100%
Savannah Petroleum (Stubb Creek) Limited	Holding company	United Kingdom	Ordinary	25%[3]
Savannah Petroleum (Uquo) Jersey Limited	Holding company	Jersey	Ordinary	100%
Accugas Holdings UK Plc	Holding and financing company	United Kingdom	Ordinary	80%
Stubb Creek Holdco Limited	Holding company	Jersey	Ordinary	25%[3]
Savannah Petroleum (Uquo) Limited	Holding company	United Kingdom	Ordinary	80%
Accugas UK Limited	Holding company	United Kingdom	Ordinary	80%
Seven Energy (BVI) Limited	Holding company	British Virgin Islands	Ordinary	80%
Exoro Holding B.V.	Holding company	Netherlands	Ordinary	80%
Universal Energy Resources Limited	Oil and gas exploration and development	Nigeria	Ordinary	25%[3]
Seven Uquo Gas Limited	Oil and gas exploration and development	Nigeria	Ordinary	80%
Accugas Limited	Gas marketing, processing and distribution	Nigeria	Ordinary	80%

1. The Group shareholding is the effective shareholding in the entities held directly or indirectly.
2. The Employee Benefit Trust is a trust that was set up on behalf of the employees to acquire and distribute shares to them. It is controlled by the Company but has not been consolidated on the basis that it is not material.
3. Savannah Petroleum (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.

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	Loss allocated to non-controlling interests in year ended 31 December 2019 US$'000	Accumulated non-controlling interests US$'000
Savannah Petroleum 2 Limited	5%	–	–
Savannah Petroleum Niger SA	5%	(129)	(619)
Savannah Petroleum (Uquo) Limited and its subsidiaries	20%	(626)	17,999
Accugas Holdings UK Plc and its subsidiaries	20%	(3,507)	(20,363)
Total		**(4,262)**	**(2,983)**

Name	Proportion of ownership interests and voting rights held by non-controlling interests	Loss allocated to non-controlling interests in year ended 31 December 2018 US$'000	Accumulated non-controlling interests US$'000
Savannah Petroleum 2 Limited	5%	—	—
Savannah Petroleum Niger SA	5%	(94)	(491)
Total		(94)	(491)

22. Inventory

As at 31 December	2019 US$'000	2018 US$'000
Spare parts	**1,499**	—
Crude oil	**2,521**	—
	4,020	—

Spare parts are parts of a gas engine generator which will be used for spares and other operations. There is no impaired inventory at year end.

23. Trade and other receivables

As at 31 December	Group 2019 US$'000	Company 2019 US$'000	Group 2018 US$'000	Company 2018 US$'000
Trade receivables (note 35(e))	**30,864**	**—**	—	—
Contract assets (note 35(e))	**19,497**	**—**	—	—
Receivables from a joint arrangement	**30,321**	**—**	—	—
	80,682	**—**	—	—
Expected credit loss	**(431)**	**—**	—	—
	80,251	**—**	—	—
VAT receivables	**75**	**1,419**	151	101
Loan to Seven Energy International Limited	**—**	**—**	18,319	18,319
Other receivables	**19,445**	**1,436**	3,889	3,870
	99,771	**2,885**	22,359	22,290

Details of the Trade receivables and Contract assets acquired following the purchase of the Seven Energy Group assets and entities is set out at Note 35(e).

Following the acquisition of the Seven Energy Group assets and entities, 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 Naira across three yearly instalments, with the first instalment of US$5.0 million due by the end of 2020. The advanced cash call amounts have been recorded within Receivables from a joint arrangement.

23. Trade and other receivables continued

Included in Other receivables at 31 December 2019 are amounts relating to pipeline transport tariffs recoverable from one of the Group's gas customers, crude oil processing fees and other settlement amounts owed from joint arrangement partners. Included in 2018 "Other receivables" is a "deemed paid up" share capital amount of US$3.5 million. See note 26 for further information.

A liquidity facility was provided to SEIL, the ultimate parent of the Seven Energy Group, for working capital purposes from 2018 until Transaction completion. Interest on this facility was charged at an annual interest rate of 6.5%. The Group concluded that it is appropriate to measure the liquidity facility at amortised cost, in terms of IFRS 9, with applicable reasoning as follows:

- the facility was agreed to be repaid in cash following completion of the Seven Energy Group acquisition. The facility is therefore held with the intention to collect funds from Seven Energy Group. The "business model" test is therefore complied with;
- the cash received by the Group would be solely payments of principal and interest, therefore the so-called "SPPI test" is complied with;
- in 2019, as part of the consideration to acquire the Seven Energy Group assets and entities from SEIL, this amount was de-recognised as a loan receivable and transferred to one of the Company's holding companies where it was capitalised as part of the Investment in subsidiaries; and
- the final amount contributed at the acquisition date was US$31.8 million (note 29) and this represented both the amortised and fair value amount as these were not materially different.

Set out below is the movement in the allowance for expected credit loss on trade receivables (note 35(e)):

	2019 US$'000	2018 US$'000
As at 1 January	**—**	—
Provision for expected credit loss	**(431)**	—
As at 31 December	**(431)**	—

24. Prepayments

As at 31 December	**Group 2019 US$'000**	**Company 2019 US$'000**	Group 2018 US$'000	Company 2018 US$'000
Deposits	**159**	**159**	—	—
Rent	**197**	**—**	—	—
Other	**6,205**	**162**	313	266
	6,561	**321**	313	266

The increase in prepayments relates to the Seven Energy Group's acquisition.

25. Cash and cash equivalents

As at 31 December	**Group 2019 US$'000**	**Company 2019 US$'000**	Group 2018 US$'000	Company 2018 US$'000
Cash and cash equivalents	**46,256**	**1,009**	1,750	334

The Directors consider that the carrying amount of cash and cash equivalents approximates their fair value.

Cash and cash equivalents includes US$1.381 million (2018: US$1.374 million) of cash collateral on the Orabank revolving facility. The cash collateral was at a value of XOF 807.1 million. The movement between years relates wholly to foreign exchange movement.

The amount of cash and cash equivalents denominated in currencies other than US Dollars is shown in note 35 to these financial statements.

26. Capital and reserves

As at 31 December	2019	2018
Fully paid ordinary shares in issue (number)	**996,408,412**	816,969,427
Par value per share in GBP	**0.001**	0.001

	Number of shares	Share capital US$'000	Share premium US$'000	Total US$'000
At 1 January 2018	302,083,447	520	157,188	157,708
Shares issued	514,885,980	720	152,385	153,105
Cancellation of share premium	—	—	(309,573)	(309,573)
At 31 December 2018	816,969,427	1,240	—	1,240
Shares issued	179,438,985	153	61,204	61,357
At 31 December 2019	**996,408,412**	**1,393**	**61,204**	**62,597**

In January 2019 the Company issued 62,800,000 new ordinary shares in an equity fund raising to the value of US$22.1 million (net).

In November 2019 the Company issued 116,638,985 new ordinary shares: 90,666,308 relating to shares issued with the US$20 million SSNs (notes 29 and 31) and the issue of 25,972,677 additional consideration shares for the Seven Energy Group acquisition. The fair value of the issue of these shares amounted to US$40.4 million (gross).

In February 2018 the Company issued 505,646,256 new ordinary shares as part of an equity fund raising to the value of US$117 million (gross). 224,021,689 of the new ordinary shares were allotted as consideration for the acquisition of US$305,623,124 worth of 10.25% Senior Secured Notes due 2021 issued by Seven Energy Finance Limited. See note 17 for further details.

The Company issued warrants along with the shares issued during the placings in December 2017 and February 2018, being one warrant for every two ordinary shares placed. The warrants were exercisable at a price equal to the placing price of the Company's shares on the date of grant. There is no vesting period. The warrants remained unexercised after a period of one year from the date of the second grant and therefore they expired. See note 27 for further details.

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.

In June 2018 the Company cancelled its share premium account to ensure adequate distributable reserves were in place.

Group and Company

	Capital contribution US$'000	Share-based payment reserve US$'000	Other reserves US$'000	Total US$'000
At 1 January 2018	458	4,551	—	5,009
Share-based payments expense during the year	—	1,357	—	1,357
Warrants issued at fair value	—	—	(4,989)	(4,989)
At 31 December 2018	458	5,908	(4,989)	1,377
Share-based payments expense during the year	—	540	—	540
Warrants expired	—	—	4,989	4,989
At 31 December 2019	**458**	**6,448**	**—**	**6,906**

26. Capital and reserves continued

Nature and purpose of reserves

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 27.

Other reserves

The other reserves figure represents the reclassification of the fair value of warrants granted from equity to a financial liability, at initial grant date. These warrants expired during the year.

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.

27. 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 2019 US$'000	For the year ended 31 December 2018 US$'000
Share-based payments	**540**	1,357

The Board has established a share option plan, in which share options will be granted and 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 be granted and vest for each participant.

Milestone	Number of options	Assumed exercise price	Market vesting condition	Assumed vesting period
1	15,737,896	£0.01	PLC 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 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 anticipated 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 during the year US$'000	Number of options	Assumed exercise price in US$ per share
Outstanding at 1 January 2018		15,737,896	
Charge during the year	573	—	—
Granted, lapsed and exercised during the year	(46)	(273,883)	—
Outstanding at 31 December 2018		15,464,013	
Charge during the year	540	—	—
Granted, lapsed and exercised during the year	—	—	—
Outstanding at 31 December 2019		**15,464,013**	

The calculation of the share option charge per share 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$540,000 for the year to 31 December 2019 (2018: US$527,000) has been recognised. During the 2018 year an employee who held 273,883 options left the Group.

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.

In the year to 31 December 2015 a supplementary share option plan was established.

27. Share-based payments continued

Supplementary share option plan

The Board has established a share option plan, in which share options will be granted and 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 be granted and vest for each participant.

Milestone	Number of options	Assumed exercise price	Market vesting condition	Assumed vesting period
1	10,128,599	£0.38	PLC share price to equal or exceed £1.14	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 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 anticipated 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 during the period US$'000	Number of options	Assumed exercise price in US$ per share
Outstanding at 1 January 2018		10,128,599	
Charge during the year	899	—	—
Granted, lapsed and exercised during the year	(33)	(128,725)	—
Outstanding at 31 December 2018		9,999,874	
Charge during the year	—	—	—
Granted, lapsed and exercised during the year	—	—	—
Outstanding at 31 December 2019		**9,999,874**	

The calculation of the share option charge per share 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 2019 (2018: US$866,000).

During the 2018 year an employee who held 128,725 options left the Group.

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)	10
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.

The Board has established a share option plan, in which share options will be granted and 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 2017. Under IFRS 2 the options were therefore deemed to have been granted in 2017. Once the Remuneration and Nomination Committee has confirmed the successful completion of the milestone, a certain number of share options will be granted and vest for each participant.

Milestone	Number of options	Assumed exercise price	Market vesting condition	Assumed vesting period
1	526,315	£0.38	PLC share price to equal or exceed £1.14	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 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 anticipated 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 during the period US$'000	Number of options	Assumed exercise price in US$ per share
Outstanding at 1 January 2018		526,315	
Charge during the year	14	—	—
Granted, lapsed and exercised during the year	(50)	(526,315)	—
Outstanding at 31 December 2018		—	
Charge during the year	—	—	—
Granted, lapsed and exercised during the year	—	—	—
Outstanding at 31 December 2019		**—**	

The calculation of the share option charge per share using the Monte Carlo pricing model has been calculated to be US$0.21 for Tranche 1 and US$0.22 for Tranche 2. Based on the modelling assumptions and vesting conditions, there was no charge for the year to 31 December 2019 (2018: US$14,000). During 2018 the total number of options in issue lapsed (2018: 526,315).

During the 2018 year an employee who held 526,315 options left the Group.

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	10 August 2016
Weighted average share price at grant date	£0.30
Weighted average exercise price	£0.38
Weighted average contractual life (years)	10
Share price volatility (%)	61.28
Dividend yield	—
Risk-free interest rate (%)	0.13

The expected share price volatility of 61.28% has been determined by reference to historical prices of shares in the following comparator group companies: Tullow Oil Plc, Bowleven Plc, President Energy Plc and Sound Energy Plc.

28. Non-controlling interests

Group

	2019 US$'000	2018 US$'000
Balance at 1 January	**(491)**	(397)
Share of loss for the year	**(4,262)**	(94)
Transactions with equity holders	**1,770**	—
Balance at 31 December	**(2,983)**	(491)

Following the Group's acquisition of the Seven Energy Group assets and entities as described at note 29, funds managed by Africa Investment Infrastructure Fund Manager ("AIIM") subscribed for newly issued shares in the Group's newly acquired subsidiaries: Savannah Petroleum (Uquo) Limited and Accugas Holdings UK plc which are intermediate holding companies of the Uquo upstream and Accugas midstream businesses in Nigeria. The total consideration paid for these shares amounted to US$39.0 million.

Following the issue of these subscription shares, the Group's effective equity holding in both these entities reduced from 100% to 80%. As there was no overall change in control, the Group continues to fully consolidate these entities and their subsidiaries. As a result, this share subscription has been accounted for as a transaction with equity holders and is reflected as an adjustment to non-controlling interests and Group retained earnings. Overall, the transaction resulted in a net gain of US$37.2 million, as the difference between the total consideration received of US$39.0 million and AIIM's effective share of the fair value of the net assets at the date of their share subscription, which amounted to US$1.8 million. The net gain was recorded as movement within retained earnings.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

As at 31 December	2019 US$'000	2018 US$'000
Current assets	**837,374**	14,745
Non-current assets	**1,020,021**	182,090
Current liabilities	**(848,277)**	(224,901)
Non-current liabilities	**(1,076,211)**	—
	(67,093)	(28,066)
Equity attributable to owners of the Group	**(64,110)**	(27,575)
Non-controlling interests	**(2,983)**	(491)
	(67,093)	(28,066)

Year ended 31 December	US$'000	US$'000
Attributable to owners of the Group	**(12,474)**	(16,576)
Attributable to the non-controlling interest	**(4,262)**	(94)
Net loss and total comprehensive loss	**(16,736)**	(16,670)
Net cash inflow/(outflow) from operating activities	**6,897**	(2,131)
Net cash (outflow)/inflow from financing activities	**(230)**	2,149
Net cash inflow	**6,667**	18

Further information about non-controlling interests is given in note 21.

29. Business combinations

In 2017 the Group confirmed its intention to acquire certain operating assets and entities from the Seven Energy Group. These assets included interests in two Nigerian producing onshore upstream oil and gas fields, together with a midstream gas marketing, processing and transportation business.

These two fields – Uquo Field and Stubb Creek Field – are located in southern Nigeria in the south east of the Niger Delta; the interests in these fields are held by Seven Upstream Gas Limited ("SUGL") and Universal Energy Resources Limited ("UERL") respectively. The midstream gas business is owned by Accugas Limited, situated close by these upstream fields. More details of these assets are set out in the Strategic Report of the Annual Report and Accounts. All of these entities were wholly owned by the Seven Energy Group. As these assets and entities are largely interdependent due to gas supply arrangements between SUGL and Accugas, and oil processing between SUGL and UERL with Accugas, the separable assets and liabilities of these acquired entities have been shown as a single "cash-generating unit".

The transaction to acquire these assets involved both the equity owners of the Seven Energy Group and a number of the Seven Energy Group's secured creditors. On 7 February 2018, the Group finalised an exchange offer to acquire 96.04% of the Seven Energy Group's SSNs (see note 17). These SSNs formed part of the ultimate purchase consideration for the assets and entities to be acquired from the Seven Energy Group as described above.

At the time of the purchase of these SSNs it was concluded that it did not grant "control" over the Seven Energy Group or its management (as defined in IFRS 10), and therefore was recorded as a Long-term financial receivable in accordance with IFRS 9. These SSNs were initially recorded at their fair value of US$88.96 million and then revalued to US$34.3 million at date of acquisition.

Also, during 2018 to the date of acquisition, the Savannah Group provided an interest-bearing "Liquidity facility" to Seven Energy International Limited for its ongoing working capital requirements. This facility was recorded within Other receivables and held at amortised cost (note 23). Subsequently, the balance outstanding at the date of acquisition was also contributed as part of the Group's purchase consideration for the Seven Energy Group's assets and entities.

In addition to the above SSNs and the liquidity facility contributed as part of the purchase consideration, the Company also issued equity shares and promissory notes to certain secured creditors of SEIL.

As described in notes 26 and 31, the Group issued a US$20 million SSN together with 90,666,308 equity shares for a combined cash inflow of US$20 million. As summarised in note 31, this SSN included an embedded derivative call option, and as such, the various components of the loan note, call option, equity shares and expenses had to be separated and fair valued on recognition. Accounting for the fair value of the different components of the instruments issued in excess of the cash received amounted to US$21.0 million, as follows: debt value US$17.9 million plus value of equity US$31.2 million less US$20 million cash proceeds received, value of the call option US$7.1 million and transaction expenses of US$1.1 million. As set out in note 4, this was judged to be related to the initial exchange offer for the SSNs as described above. Consistent with the originally acquired SSNs that were contributed as part of the purchase consideration for the acquisition, this additional amount has also been included within the purchase consideration, as "Other purchase consideration". Additional equity consideration related to the issue of 25,972,677 shares amounted to US$9.2 million.

29. Business combinations continued

Set out below are the fair values of the separable assets and liabilities of the combined acquired entities together with the fair value of the purchase consideration.

	14 November 2019 US$'000
Oil and gas, and infrastructure assets	618,098
Other property, plant and equipment	1,114
Non-current assets	9,685
Deferred tax assets	200,456
Inventories	4,019
Trade receivables and other current assets	98,521
Cash and cash equivalents	10,471
	942,364
Trade and other payables	(84,364)
Current tax payable	(2,752)
Contract liabilities	(108,716)
Provisions	(104,925)
Borrowings	(531,863)
	(832,620)
Total identifiable net assets at fair value	109,744
Goodwill/(bargain purchase) arising on acquisition	(10,209)
Total fair value of consideration transferred	99,535

Consideration satisfied by:

	14 November 2019 US$'000
SSNs contributed	34,256
Loan to Seven Energy International Limited contributed (note 23)	31,781
Promissory notes	3,273
Other purchase consideration	21,025
Equity shares	9,200
Total fair value of consideration transferred	99,535

The fair values of the oil and gas assets, and infrastructure assets were valued using an Income Approach – based upon future income streams associated with the underlying businesses which were then discounted at an appropriate market discount rate. Included within these asset categories (in Property, plant and equipment (note 15)) are the oil and gas reserves of the Uquo and Stubb Creek fields and the infrastructure assets of the Accugas midstream business.

The fair value of Trade receivables and contract assets acquired at acquisition have been stated net of any expected credit losses as set out in note 35(e). Included within Provisions is an amount of US$5.1 million recognised on acquisition for potential contingent liabilities associated with legal claims against the acquired Seven Energy Group entities (note 32).

Contract liabilities relate to amounts under take-or-pay gas contracts. These represent amounts of invoiced gas not yet delivered to the customer. In order to fair value this liability, a forecast was made to estimate when this gas would be delivered based on expected customer demands, together with determining an estimated cost and appropriate margin of supplying this gas. This was then discounted using an incremental borrowing rate.

Overall, the business combination resulted in a bargain purchase of US$10.2 million which was principally due to the financial distress position of SEIL and its subsidiaries as a result of a series of loan defaults from 2016 and the requirement to restructure all of the borrowings of the SEIL group that culminated in the disposal of the Seven Energy Group assets and entities to the Company, and the ongoing administration and liquidation proceedings of the rest of the SEIL group not acquired by the Company.

From the date of acquisition, 14 November 2019, to 31 December 2019, the acquisitions contributed the following amounts to the overall Group result:

	US$'000
Revenue	17,758
Loss before tax	(27,047)

If the acquisition of Savannah Nigeria had taken place at the beginning of the year, Group revenue and profit for the 2019 year would have been as follows:

	US$'000
Revenue	132,332
Loss before tax	(47,055)

There were no business combinations in 2018.

30. Trade and other payables

As at 31 December	**Group 2019 US$'000**	**Company 2019 US$'000**	Group 2018 US$'000	Company 2018 US$'000
Trade payables	**48,800**	**7,901**	21,194	3,132
Accruals	**58,531**	**6,184**	1,827	1,704
Interest payable	**13,715**	**–**	–	–
VAT payable	**5,222**	**–**	–	–
Royalty and levies	**6,317**	**–**	–	–
Other payables	**1,314**	**–**	501	343
	133,899	**14,085**	23,522	5,179
Other payables – non-current	**7,500**	**7,500**	–	–
	141,399	**21,585**	23,522	5,179

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. All amounts are payable within one year.

Within Non-current liabilities is an amount within Other Payables amounting to US$7.5 million (2018: US$nil) relating to deferred consideration resulting from a loan note that was initially acquired via the acquisition of the Seven Energy Group, which was then acquired by the Company for future settlement. The amount is due to be repaid by May 2021 and is interest bearing at 8% per annum.

31. Borrowings

As at 31 December	**Group 2019 US$'000**	**Company 2019 US$'000**	Group 2018 US$'000	Company 2018 US$'000
Revolving credit facility	**9,914**	**–**	13,795	–
Bank loans	**388,209**	**–**	–	–
Senior Secured Notes	**115,833**	**–**	–	–
Other loan notes	**18,096**	**6,596**	1,076	1,076
	532,052	**6,596**	14,871	1,076

As at 31 December	**Group 2019 US$'000**	**Company 2019 US$'000**	Group 2018 US$'000	Company 2018 US$'000
Current borrowings	**71,387**	**6,596**	14,871	1,076
Non-current borrowings	**460,665**	**–**	–	–
	532,052	**6,596**	14,871	1,076

31. Borrowings continued

The following borrowing arrangements are a combination of existing facilities and those that were acquired at the time of the acquisition of the Seven Energy Group.

Accugas Limited has a bank loan facility amounting to US$382.1 million. Repayments of principal commenced on 31 December 2019 and will continue 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, with 3% of the principal repayable in 2019 and a final principal repayment of 49% at final maturity in December 2025. This facility incorporates a cash sweep to accelerate repayments subject to certain minimum cash balances. The facility carries an interest rate of 10.06%, plus three-month US LIBOR per annum to 31 December 2019, at which time the interest rate increases to 10.49%, plus three-month US LIBOR per annum.

Seven Uquo Gas Limited has a Senior Secured Note of US$105 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 NGN4.8 billion (US$13.2 million). Repayments of principal in amount of NGN180 million (US$0.5 million) are due semi-annually from 31 December 2019 and will continue 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.

Accugas Holdings UK Plc has a promissory note of US$11.5 million. Repayments of principal in the amount of US$0.5 million will commence 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.

Accugas Holdings UK Plc also issued a Senior Secured Note of US$20 million on 14 November 2019 (as described in note 29). 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 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. Full repayment in the twelve-month period from 14 November 2019 will result in a 50% redemption amount of 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 accretion amount for the year amounted to US$47,000. 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 estimated to be US$7.1 million and will be remeasured as FVTPL. The option has been recorded within non-current borrowings and is set out in note 35(a). The amount at initial recognition and at 31 December 2019 was not materially different.

In September 2018 the Company issued unsecured loan notes to the value of £620,000 at 10% premium. In December 2018 an additional premium of 25% was agreed on the loan notes. The balance at 31 December 2019 was US$1.0 million (2018: US$1.1 million).

In October 2019 the Company entered into a three-month loan facility for an amount of US$5,000,000 bearing a fixed interest charge over the life of the facility at a rate of 7% of the amount borrowed. This facility also gave the lender the right to convert the loan to equity shares if the amounts borrowed are not repaid at maturity. As a conversion option, this was deemed to be an embedded derivative and was required to be separated from the host contract and valued. As the amount was deemed immaterial no separate recognition was recorded. The balance as at 31 December 2019 was US$5.2 million.

In December 2016, Savannah Petroleum Niger SA entered into a three-year revolving credit facility with Orabank SA amounting to US$12.8 million (equivalent) bearing interest at 7.5% per annum. The facility was extended in December 2019 for a further three-year tenor. The balance at 31 December 2019 was US$9.9 million (2018: US$13.8 million).

32. Provisions

	2019 US$'000	2018 US$'000
Decommissioning provision	**104,408**	—
Other provisions	**5,095**	—
As at 31 December	**109,503**	—

The Group provides for the present value of estimated future decommissioning costs for certain of 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 either internal or external specialists as appropriate. The amounts shown are expected to crystallise between 2038 and 2042. Further details can be found in note 4.

Decommissioning provision	2019 US$'000	2018 US$'000
As at 1 January	**—**	—
Provided during the year	**4,014**	—
Unwinding of decommissioning provision discount (note 10)	**564**	—
Acquired on acquisition of subsidiaries	**99,830**	—
As at 31 December	**104,408**	—

Other provisions relate to amounts recognised on acquisition of the Seven Energy Group assets and entities. They reflect the fair value of expected contingent liability legal claims as required to be valued under IFRS 3: Business Combinations, the timing and outcomes of which remain uncertain.

33. 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.

	2019 US$'000	2018 US$'000
Amount due for delivery within 12 months	**3,942**	—
Amount due for delivery after 12 months	**118,052**	—
	121,994	—

	2019 US$'000	2018 US$'000
As at 1 January	**—**	—
Additional contract liabilities	**13,278**	—
Acquired on acquisition of subsidiaries (note 29)	**108,716**	—
As at 31 December	**121,994**	—

Subsequent to the acquisition of the Seven Energy Group, additional contract liabilities were recognised as shown above; no amounts were utilised in the period from acquisition to the end of the year.

34. Financial liability

As at 31 December	Group 2019 US$'000	Company 2019 US$'000	Group 2018 US$'000	Company 2018 US$'000
Warrants				
Fair value recognition at issue date	**4,989**	**4,989**	4,989	4,989
Fair value through profit and loss in prior years	**(4,953)**	**(4,953)**	—	—
Fair value through profit and loss	**(36)**	**(36)**	(4,953)	(4,953)
As at year end	**—**	**—**	36	36

The Company issued warrants along with the shares issued during the placings in December 2017 and February 2018, being one warrant for every two ordinary shares placed. The warrants were exercisable at a price equal to the placing price of the Company's shares on the date of grant. There is no vesting period. If the warrants remain unexercised after a period of one year from the date of the second grant, the warrants expire. As at 8 February 2019 all warrants expired.

Details of the warrants outstanding during the year are as follows:

	31 December 2019		31 December 2018	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Outstanding at the beginning of the year	**132,590,817**	**35p**	13,090,817	35p
Issued during the year	**—**	**—**	119,500,000	35p
Expired during the year	**(132,590,817)**	**35p**	—	—
Outstanding at the end of the year	**—**	**—**	132,590,817	35p

The inputs into the Black-Scholes model were as follows:

	31 December 2019	31 December 2018
Weighted average share price US$ cents	**—**	33.8
Weighted average exercise price US$ cents	**—**	44.7
Expected volatility	**—**	39.29%
Expected life	**Nil**	1 month
Risk-free rate	**—**	0.74%

Expected volatility was determined by calculating the historical volatility of the Group's share price and the currency fluctuation between the US Dollar and the Pound over the previous three years. The expected life used in the model has been adjusted, based on contractual terms.

35. Financial instruments

(a) Financial instruments by category

At the end of the year, the Group held the following financial instruments:

As at 31 December	Group 2019 US$'000	Company 2019 US$'000	Group 2018 US$'000	Company 2018 US$'000
Financial assets				
Amortised cost				
Cash and cash equivalents	**46,256**	**1,009**	1,750	334
Trade receivables and contract assets	**80,577**	**2,855**	—	—
Amounts due from Group companies	**—**	**184,444**	—	77,947
Restricted cash	**1,828**	**—**	—	—
Other receivables	**19,193**	**—**	22,207	22,189
	147,854	**188,308**	23,957	100,470
Fair value through profit or loss				
Long-term financial asset	**—**	**—**	88,956	88,956
	147,854	**188,308**	112,913	189,425
Financial liabilities				
Amortised cost				
Trade payables	**(48,800)**	**(7,901)**	(21,565)	(3,475)
Amounts owed to Group companies	**—**	**—**	—	(1,714)
Accruals	**(58,531)**	**(6,185)**	(1,827)	(1,704)
Other payables	**(7,500)**	**(7,500)**	—	—
Borrowings	**(539,155)**	**(6,596)**	(14,907)	(1,112)
	(653,986)	**(28,182)**	(38,299)	(8,005)
Fair value through profit or loss				
Call option (within Borrowings)	**7,103**	**—**	—	—
	(646,883)	**(28,182)**	(38,299)	(8,005)
Net financial instruments	**(499,029)**	**160,126**	74,614	181,420

The value of the Call option has been disclosed within Non-current borrowings (note 31).

(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 and cash equivalents are generally kept in the Company's functional currency except for an amount corresponding to the needs of the local subsidiaries and such funds required for the parent company to pay its Directors, employees and vendors who are paid in Sterling.

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.

35. Financial instruments continued

(c) Liquidity risk continued

The Group maintains good relationships with its banks. At 31 December 2019, the Group had US$46.3 million (2018: US$1.8 million) of cash and cash equivalents (Company: US$1.0 million, 2018: US$0.3 million) (note 25).

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 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.

Group

As at 31 December 2019	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
Fixed interest rate instruments					
Lease liability	4.75%	614	3,698	2,179	6,491
Principal repayment	10.35%	33,310	37,600	82,100	153,010
Interest payment		11,052	32,588	9,499	53,139
Variable interest rate instruments					
Principal repayment	13.18%	39,695	137,691	217,909	395,295
Interest payment		57,033	153,338	27,664	238,035
Net exposure		**141,704**	**364,915**	**339,251**	**845,970**

Company

As at 31 December 2019	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
Fixed interest rate instruments					
Lease liability	4.75%	614	3,698	2,179	6,491
Principal repayment	26.72%	6,596	—	—	6,596
Interest payment		349	—	—	349
Net exposure		**7,559**	**3,698**	**2,179**	**13,436**

At 31 December 2018 all the Group's and Company's financial liabilities were due within one year.

(d) Foreign currency risk

Foreign currency risk arises because the Group operates in various parts of the world, whose currencies are not the same as the functional currency in which the Group is operating. The net assets from such overseas operations are exposed to currency risk, giving rise to gains or losses on retranslation into the presentational 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 2019 relates to transactions denominated in Nigerian Naira.

The primary exchange rate movements that the Group is exposed to are US$:NGN, US$:XOF and US$:GBP. 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:

As at 31 December 2019	**GBP US$'000**	**XOF US$'000**	**NGN US$'000**	**EUR US$'000**
Cash and cash equivalents	**215**	**2,034**	**39,053**	**21**
Restricted cash – non-current	**—**	**—**	**193**	**—**
Exposure assets	**215**	**2,034**	**39,246**	**21**
Trade payables	**(11,785)**	**—**	**(22,800)**	**(17)**
Borrowings – current	**(1,596)**	**(9,914)**	**(1,489)**	**—**
Borrowings – non-current	**—**	**—**	**(11,750)**	**—**
Exposure liabilities	**(13,381)**	**(9,914)**	**(36,039)**	**(17)**
Net exposure	**(13,166)**	**(7,880)**	**3,207**	**4**

As at 31 December 2018	GBP US$'000	XOF US$'000	NGN US$'000	EUR US$'000
Cash and cash equivalents	280	1,385	6	45
Exposure assets	280	1,385	6	45
Trade payables	(3,896)	—	(2)	(68)
Exposure liabilities	(3,896)	—	(2)	(68)
Net exposure	(3,616)	1,385	4	(23)

Company

As at 31 December 2019	**GBP US$'00**	**EUR US$'000**
Cash and cash equivalents	**156**	**656**
Exposure assets	**156**	**656**
Trade payables	**(10,639)**	**(17)**
Borrowings – current	**(156)**	**—**
Exposure liabilities	**(10,795)**	**(17)**
Net exposure	**(10,639)**	**639**

As at 31 December 2018	GBP US$'000	XOF US$'000	EUR US$'000
Cash and cash equivalents	252	—	34
Exposure assets	252	—	34
Trade payables	(2,919)	(187)	(24)
Exposure liabilities	(2,919)	(187)	(24)
Net exposure	(2,667)	(187)	10

35. Financial instruments continued

(d) Foreign currency risk 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 period. 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 2019	GBP US$'000	XOF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	**1,360**	**1,195**	**7,529**	**4**	**10,088**
Impact on loss for the year – Company	**1,239**	**—**	**—**	**67**	**1,306**

As at 31 December 2018	GBP US$'000	XOF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	89	1,133	(1)	1	1,222
Impact on loss for the year – Company	340	—	—	(1)	339

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 period. 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 2019	GBP US$'000	XOF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	**(1,360)**	**(1,195)**	**(7,529)**	**(4)**	**(10,088)**
Impact on loss for the year – Company	**(1,239)**	**—**	**—**	**(67)**	**(1,306)**

As at 31 December 2018	GBP US$'000	XOF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	(109)	(1,385)	(1)	(2)	(1,497)
Impact on loss for the year – Company	(416)	—	1	—	(415)

(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 information and other external data.

Trade receivables and contract assets

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 delivery 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, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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 and, where possible, considered in the calculation of expected credit losses.

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.

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 contract assets using a provision ageing matrix:

	Contract assets	**Trade receivables**						
As at 31 December 2019	**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$'000**	**Total US$'000**
Expected credit loss rate	**0.23%**	**0.17%**	**0.19%**	**0.21%**	**0.57%**	**3.61%**	**28.69%**	
Estimated total carrying amount at default	**19,497**	**9,949**	**5,218**	**969**	**10,788**	**3,323**	**617**	**50,361**
Expected credit loss	**45**	**16**	**10**	**2**	**61**	**120**	**177**	**431**

The fair value of the total Trade and other receivables acquired on acquisition of the Seven Energy Group is set out in note 29. Included within this balance were contract assets and trade receivables of US$110.4 million (on a gross basis), together with an ECL provision of US$42.2 million which resulted in a fair value balance at acquisition of US$68.2 million. Subsequent ECL amounts have been based on this initial fair value and adjusting for further movements in contract assets and trade receivables and an updated ECL assessment at the reporting date.

The Group considers all other receivables' potential ECLs to be immaterial and therefore no provision has been recognised.

The Group considers all intercompany balances recoverable and any potential expected credit losses are judged to be immaterial.

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract balances:

	2019 US$'000	2018 US$'000
As at 1 January	**—**	—
Provision for expected credit loss	**(431)**	—
As at 31 December	**(431)**	—

There was no opening balance of expected credit losses as there were no contract assets or trade receivables in the other operating segments. The provision was recognised following the acquisition of the Seven Energy Group. There were no ECL amounts for the Company (2018: US$nil).

35. Financial instruments continued

(f) Interest rate risk

The Group had significant cash balances during the period. 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	2019 US$'000	2018 US$'000
Cash at bank at floating interest rate – Group (note 25)	**46,256**	1,750
Cash at bank at floating interest rate – Company (note 25)	**1,009**	334

A liquidity facility was provided to SEIL for working capital purposes. Interest on this facility was charged at an annual interest rate of 6.5%. The facility was contributed as part of the purchase consideration for the Seven Energy Group acquisition. See notes 23 and 29 for further details.

All other financial instruments were non-interest bearing. 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.

At 31 December 2019, a 1% increase in short-term interest rates would have a positive US$463,000 (2018: US$18,000) impact on Group loss before tax and equity and a positive US$10,000 (2018: US$3,000) on Company loss before tax and equity. A 1% decrease in short-term interest rates would have a negative US$463,000 (2018: US$18,000) impact on Group loss before tax and equity and a negative US$10,000 (2018: US$3,000) on Company loss before tax and equity. A 1% movement represents management's assessment of the reasonable possible change in interest rates.

The Group is exposed to cash flow interest rate risk through funds borrowed at floating interest rates. These exposures arise from the interest on third-party loans which are based on LIBOR. 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 and is derived from the Seven Group's risk register which includes historical interest rate exposure.

The interest rate profile of the Group's financial liabilities was as follows:

As at 31 December	2019 US$'000	2018 US$'000
Borrowings at floating interest rate – Group	**395,295**	—
Borrowings at floating interest rate – Company	**—**	—

At 31 December 2019, a 1% increase in short-term interest rates would have a negative US$4.0 million (2018: US$nil) impact on Group loss before tax and equity and no impact (2018: US$nil) on the Company loss before tax and equity. A 1% decrease in short-term interest rates would have a positive US$4.0 million (2018: US$nil) impact on Group loss before tax and equity and no impact (2018: US$nil) on Company loss before tax and equity. A 1% movement represents management's assessment of the reasonable possible change in interest rates.

36. Amounts owed from/owed to Group companies

Company

As at 31 December	2019 US$'000	2018 US$'000
Intercompany receivable	**184,444**	77,947
Intercompany payable	**—**	(3,072)

Intercompany receivables are receivable on demand and are not interest bearing.

37. 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. 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). Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report.

Trading transactions

Michael Wachtel, a partner at Clyde & Co, joined the Board of the Company on 21 December 2017. Clyde & Co are legal advisers to the Company and Mr Wachtel is not involved in dealing with Group or Company matters, which are managed by a different partner within the firm.

Fees payable to Clyde & Co amounted to US$1,023,644 in 2019 (2018: US$942,600).

38. Net cash from operating activities

Group

	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Net loss for the year before tax	**(105,413)**	(24,608)
Adjustments for:		
Depreciation	**801**	312
Depletion	**8,850**	—
Gain on acquisition of a subsidiary	**(10,209)**	—
Finance income	**(1,378)**	(869)
Finance costs	**12,173**	1,413
Fair value movement	**54,664**	(4,953)
Net foreign exchange gain	**(815)**	—
Share option charge	**540**	1,357
Expected credit loss on financial assets	**431**	—
Operating cash flows before movements in working capital	**(40,356)**	(27,348)
Increase in other receivables and prepayments	**(8,458)**	(2,464)
Increase/(decrease) in trade and other payables	**22,823**	(2,629)
Increase in contract liabilities	**13,278**	—
Decrease in other assets	**390**	—
Income tax paid	**—**	(5)
Net cash outflow from operating activities	**(12,323)**	(32,446)

Included within the Group and the Company's Net cash outflow from operating activities is an amount of US$15 million received from Africa Infrastructure Investment Managers ("AIIM") as a funding contribution to the Company's Transaction costs associated with the acquisition of the Seven Energy Group assets and entities (note 8). This is in addition to the US$39 million that AIIM invested directly into the newly acquired Seven Energy Group entities (note 28). This has been shown within Sale of a non-controlling interest in the Consolidated Statement of Cash Flows.

38. Net cash from operating activities continued

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Borrowings US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2019	14,872	—	14,872
Adoption of IFRS 16	—	5,056	5,056
Revised 1 January 2019	14,872	5,056	19,928
Cash flows			
Repayment	(16,380)	(302)	(16,682)
Proceeds	18,650	—	18,650
	2,270	(302)	1,968
Non-cash adjustments			
Acquisition of the Seven Energy Group	524,361	—	524,361
Accretion of interest	—	251	251
Foreign translation	—	565	565
Borrowing fair value adjustments	(2,366)	—	(2,366)
Net debt fees	(7,085)	—	(7,085)
At 31 December 2019	532,052	5,570	537,622

	Borrowings US$'000	Total US$'000
At 1 January 2018	12,678	12,678
Cash flows		
Repayment	(6,931)	(6,931)
Proceeds	8,000	8,000
	1,069	1,069
Non-cash adjustments		
Net debt fees	1,125	1,125
At 31 December 2018	14,872	14,872

Company

	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Net loss for the year before tax	**(82,192)**	(14,772)
Adjustments for:		
Depreciation	**495**	48
Finance costs	**1,506**	323
Finance income	**(1,326)**	(869)
Fair value movement	**54,664**	(4,952)
Share option charge	**540**	1,357
Net foreign exchange loss	**824**	—
Operating cash flows before movements in working capital	**(25,489)**	(18,865)
Increase in other receivables and prepayments	**(1,337)**	(2,568)
(Decrease)/increase in trade and other payables	**(5,120)**	2,016
Increase in accruals	**4,481**	—
Interest paid	**(637)**	—
Income tax paid	**—**	(5)
Net cash outflow from operating activities	**(28,102)**	(19,422)

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Borrowings US$'000	**Lease liabilities US$'000**	**Total US$'000**
At 1 January 2019	**1,076**	**—**	**1,076**
Adoption of IFRS 16	**—**	**5,056**	**5,056**
Revised 1 January 2019	**1,076**	**5,056**	**6,132**
Cash flows			
Repayment	**—**	**(302)**	**(302)**
Proceeds	**4,650**	**—**	**4,650**
	4,650	**(302)**	**4,348**
Non-cash adjustments			
Accretion of interest	**—**	**251**	**251**
Foreign translation	**—**	**565**	**565**
Net debt fees	**870**	**—**	**870**
At 31 December 2019	**6,596**	**5,570**	**12,166**

	Borrowings US$'000	Total US$'000
At 1 January 2018	1,748	1,748
Cash flows		
Repayment	(672)	(672)
At 31 December 2018	1,076	1,076

39. Capital commitments

At the reporting date, the Group had no material capital commitments (2018: US$nil).

40. Contingent liability

The financing of the Group companies includes some activities which are subject to exemptions under the UK's Controlled Foreign Company regime. On 2 April 2019, the European Commission announced that the UK's exemption rules are only partially justified and the UK tax authorities are required to recover tax which may constitute State aid. The Group is monitoring developments including the application made by UK Government to the EU General Court to overturn the ruling. No provision has been made for any additional tax that might become payable due to the significant uncertainty involved in quantifying any amounts that might eventually be payable.

41. Events after the reporting period

In January 2020, the Group entered into a new interruptible gas sales agreement ("IGSA") with First Independent Power Limited ("FIPL") in relation to the provision of gas sales to the FIPL Afam power plant ("Afam"). FIPL is an affiliate company of Sahara Group, a leading international energy and infrastructure conglomerate with operations in over 42 countries across Africa, the Middle East, Europe and Asia. Afam has a current power generation capacity of 180MW. The FIPL IGSA envisages the supply of gas for a maximum daily nominated quantity of 35 MMscfpd to Afam in order to augment its existing gas supply on an interruptible basis for an initial term of one year, with the ability to extend upon mutual agreement.

Post the balance sheet date, macro-economic uncertainty has arisen due to the COVID-19 pandemic, which has generally impacted both oil and gas pricing, in addition to significant commodity market volatility relating to the global supply of oil. This volatility may have an impact on the Group's future earnings and cash flows, but the Group has fixed price gas contracts and therefore is largely unaffected from general market price volatility for its gas contracts.

In addition, the significant estimates and judgements that will be made in preparing future financial statements may also be impacted if the current macro-economic uncertainty continues and estimates of long-term commodity prices and demand decrease. In particular, the estimated recoverable amounts of exploration and evaluation assets and property, plant and equipment would be lower and the headroom of recoverable amounts over respective carrying values would reduce. Based on current forecasts, the Group does not believe significant impairments would arise due to its focus on gas assets, as opposed to oil which has been more heavily impacted by the COVID-19 pandemic.

Reserves and Resources

as at 31 December 2019

	2P Reserves		2C Resources	
	Gross	Net	Gross	Net
Nigeria				
Oil and liquids (MMstb)				
Uquo	0.7	0.5	—	—
Stubb Creek	15.3	3.7	—	—
Gas (Bscf)				
Uquo	495.5	396.4	72.5	58
Stubb Creek	—	—	515.3	293.7
Niger				
Oil and liquids (MMstb)	—	—	35.0	33.3
Total (MMboe)	**98.5**	**70.3**	**133.0**	**91.9**

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 November 2019. The Reserves and Resources above have been adjusted for produced volumes to year-end. Contingent resource estimates for Niger are as per CGG CPR dated 30 April 2020.
2. For Niger, the Net portion of the gross resources are attributable to Savannah before royalties, taxes and government share of profit.

Glossary

2P Reserves	proven and probable reserves;
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;
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; 1 Bscf is approximately equal to 166,667 boe or 23,618 tonnes of oil equivalent;
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;
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;
km^2	square kilometres;

lead	a conceptual exploration idea usually based on minimal data but with sufficient support from geological analogues and the like to encourage further data acquisition and/or study on the basis that hydrocarbon accumulations of unknown size 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;
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;
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/ Seven Energy Assets	the interest in the Uquo Gas Project owned by SUGL, 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 Contracts
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;
Seven Energy Transaction	the transaction that resulted in the acquisition of the Nigerian Assets;
stratigraphic	a mode of trapping hydrocarbons which is not dependent on structural entrapment;
Tscf	trillion standard cubic feet;
Tertiary	geological strata formed during the period from 65 to 1.8 million years ago.

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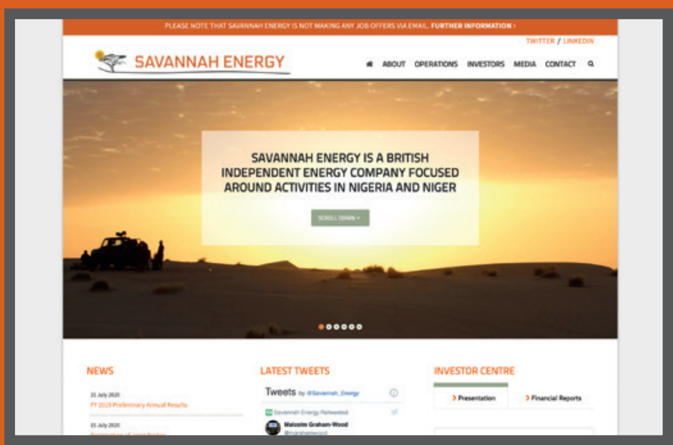

More information can
be found on our website

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Cover photo: The Uquo Gas
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