Delivering
Projects that Matter
SAVANNAH ENERGY
ANNUAL REPORT
AND ACCOUNTS 2023

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Read more on page 32

Front cover - clockwise from top left: A visual representation of Savannah's proposed Parc Eolien de la Tarka wind farm project, Niger; Okang Eta, Field Operator, Savannah's City Gate Gas Receiving Facility, Nigeria; Savannah's Eridal drilling site, Niger. Centre image: A community in the Tahoua Region of southern Niger, situated near to Savannah's Parc Eolien de la Tarka wind farm project, Niger

Top to bottom: Savannah's Eridal drilling site, Niger; L-R: Gabriel Nkollo, Electrical Engineer, Sinohydro; Njimbouem Jean F, Special Police Commissioner of Nganha; Abouma Biloa Christian, Secretary General to the Governor of the Adamawa Region; Oussoumanou Malam, Project Director Assistant, Sinohydro; Julian Horn, Managing Director, Savannah; Saidou Sidiki, Regional Delegate of the Ministry of Environment, and other visitors at the Bini a Warak project site, Cameroon; Andrew Knott Chief Executive Officer, Savannah; Professor Stefan Dercon, CMG, Professor of Economic Policy at the Blavatnik School of Government and the Department of Economics of the University of Oxford, and Director of the Centre for the Study of African Economies at the Univeristy of Oxford, UK; Johan Norberg, author, lecturer, documentary filmmaker and a Senior Fellow at the Cato Institute in Washington D.C.

Delivering *Projects that Matter*

Our purpose

We are a pan-African energy and resources company seeking to deliver excellent performance for our stakeholders. We want to meaningfully contribute to the economic development of the countries in which we operate through the development of businesses and projects that make a material difference to those countries. We will continue to evolve to achieve our purpose. We are seeking to pursue ***Projects that Matter.***

Our vision

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

Our stakeholders

Our people

Our host countries and communities

Governments, local authorities and regulators

Our shareholders and lenders

Our customers, suppliers and partners

Our "SEE-IT" values

Sustainability

We seek to deliver sustainable value for our stakeholders.

Excellence

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

Entrepreneurialism

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

Integrity

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

Teamwork

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

Our strategy

1. Deliver value safely and sustainably
2. Optimise existing portfolio performance
3. Deliver organic growth
4. Deliver value accretive inorganic growth
5. Maintain financial strength and flexibility

Read more about our strategy on page 40

Investing in Africa

What we do

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

2023 Total Revenues[(a)]
US$260.9m

Total Group assets
US$1.5bn

Value of remaining life of contract revenues[(b)]
US$3.5bn

Weighted average remaining contract life
13.6 years

End 2023 2P Reserves and 2C Resources life
25.8 years

End 2023 net 2P Reserves and 2C Resources
157.6 MMboe

Scale of renewable energy projects in motion
Up to 696 MW

End 2023 Group employees[1]
276

Where we operate

Key
- Current operations
- Planned operations[2]

Our core strength matrix

- Passion for the development of Africa
- Regional relationships and understanding
- Exceptional and motivated human talent base
- Ambitious, performance orientated culture
- Track record of technical excellence
- Differentiated operational capabilities
- Cash flow generative business
- Debt and equity capital market access

Hydrocarbons

Idorenyin Obot Akpabio,
Graduate Intern,
Uquo CPF, Nigeria

- A significant controlling interest in a large-scale integrated gas production and distribution business in Nigeria, capable of supplying gas to enable approximately 20% of Nigeria's thermal power generation capacity. This comprises:
    - An 80% interest in the Uquo Gas Project; and
    - An 80% interest in the Accugas Midstream Business.
- A 51% operating interest in the Stubb Creek oil and gas field, Nigeria and, post-year end, an announcement of our proposed acquisition of 100% of SIPEC, which has a 49% non-operated interest in the Stubb Creek Field[3].
- Exploration and development assets in Niger with 13,655 km^2 under licence via the R1234 PSC in the highly oil prolific Agadem Rift Basin comprising:
    - The R3 East development project expected to deliver plateau gross production of 5 Kbopd for eight years and tie in to the new Niger-Benin pipeline; and
    - A further exploration bank of 146 potential exploration targets have been identified.
- A 41.06%[4,5] indirect financial interest in COTCo.
- The proposed acquisition of PETRONAS International Corporation Limited's entire oil and gas business in South Sudan comprising 64 producing oil fields.

Read more about our hydrocarbon assets on page 46

Renewable energy

A visual representation of
Savannah's proposed Parc Eolien de
la Tarka wind farm project, Niger

- A portfolio of up to 696 MW of utility scale hydroelectric, solar and wind projects in motion across Africa.
- Targeting a portfolio of up to 1 GW+ of renewable energy projects in motion by end 2024 and up to 2 GW+ by end 2026.
- Examples of projects in development include:
    - The up to 95 MW Bini a Warak hybrid hydroelectric and solar project in Cameroon;
    - The up to 250 MW Parc Eolien de la Tarka project, representing Niger's first wind farm; and
    - Two solar photovoltaic power plants in Niger, with an expected combined installed generation capacity of up to 200 MW.

Read more about our renewable energy assets on page 60

Drilling Rig at Savannah's
Uquo-11 well location,
Nigeria

Five reasons to invest

1

Predictable base revenue stream

Savannah has three high-quality, high-growth business units in Nigeria, Niger and Cameroon. Our current producing assets providing a predictable base revenue stream are in Nigeria, where future contracted gas revenues are derived from fixed price, long-term gas sales agreements with a weighted average remaining contract life of 13.6 years and US$3.5 billion of remaining life-of-contract revenues[b]. Over 90% of our current contracted revenues are with customers providing investment grade credit guarantees[e].

8
Gas customers

US$260.9m
2023 Total Revenues

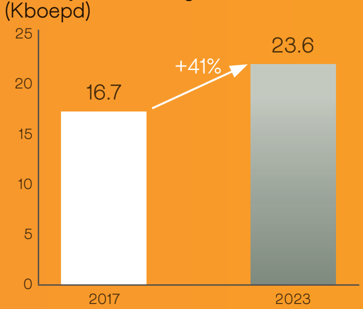
13.6 years
Weighted average remaining contract life to 2037

2

Proven track record of delivery

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

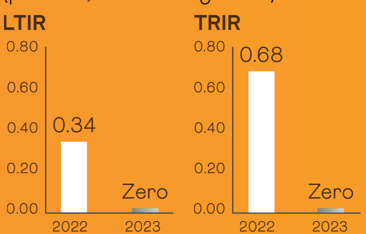
We have a strong track record of delivering our capital projects on time and budget, of delivering post-acquisition asset performance enhancements and of exploration excellence.



3

Making a sustainable impact

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



4

Strong organic growth potential

In Nigeria, we expect to deliver significant organic growth through a de-bottlenecking programme at the Stubb Creek Field, the compression project at the Uquo CPF, the sale of third-party gas through our pipeline network, and potential new and extended gas sales agreements. In Niger, we expect to progress our R3 East development with a flow testing programme to commence in Q4 2024 and first oil planned for H2 2025/H1 2026. We also have significant additional longer-term growth potential associated with 146 exploration targets within our licence area.

Across our renewable energy business, we are focused on developing new, large-scale greenfield power projects in our core African region, where we believe the market opportunity is likely to be c. 310 GW by 2030[1].

25.8 years
2P Reserves and 2C Resources life as at end 2023

Niger Agadem Rift Basin exploration success rate (%)

Historical	80
Savannah to date	100

5

Strong inorganic growth potential

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

US$1.25bn
Proposed acquisition of South Sudan Assets

US$61.5m
Proposed acquisition of SIPEC, with a 49% participating interest in the Stubb Creek Field[2]

Long-term contracted cumulative revenues[b]
(US$bn)

F denotes forecast

2023 Total Revenues[a] (US$m) **+11%**

Actual	260.9
Guidance	>235

2023 capital expenditure (cash) (US$m) **-56%**

Actual	13
Guidance	<30

2023 Operating expenses plus administrative expenses[f] (US$m) **-8%**

Actual	68.8
Guidance	<75

20%

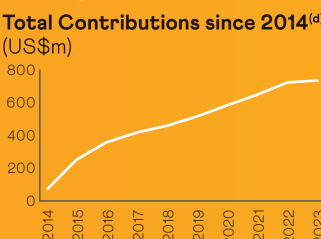
Supplying gas to enable approximately 20% of Nigeria's thermal power generation capacity

Savannah vs. Supermajors' carbon intensity (kg CO_2e/boe) **-58%**

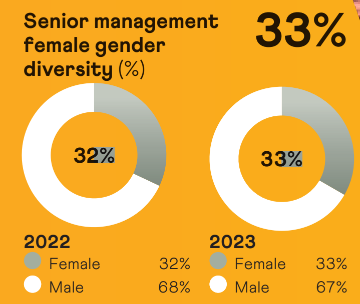
Savannah	10.7
Supermajors	19.4[3]

US$733m

Total Contributions since 2014[d]
(US$m)

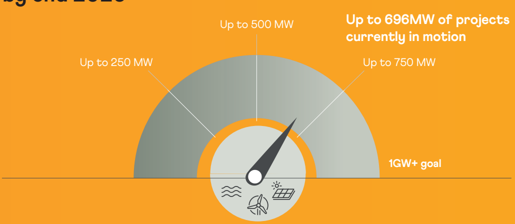


Senior management female gender diversity (%) **33%**

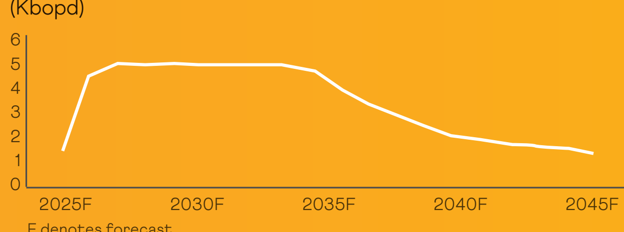


	2022	2023
Female	32%	33%
Male	68%	67%

Targeting up to 1 GW+ of renewable energy projects in motion by end 2024 and up to 2 GW+ by end 2026

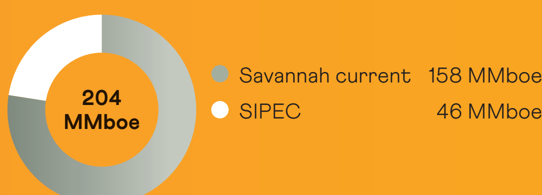


R3 East Early Production Scheme – forecasted average daily production
(Kbopd)



F denotes forecast

Net 2P Reserves and 2C Resources expected to increase by 29% to 204 MMboe



Savannah current	158 MMboe
SIPEC	46 MMboe

Stubb Creek Field: SIPEC Acquisition to increase our Reserves and Resources by 46 MMboe

Post-year end, we announced plans to acquire SIPEC for a total consideration of US$61.5 million[1]. SIPEC's principal asset is a 49% non-operated interest in the Stubb Creek Field, located in Akwa Ibom State, Nigeria. As Savannah's Universal Energy Resources Limited affiliate is the 51% owner and operator of Stubb Creek, the SIPEC Acquisition consolidates our interest in the Stubb Creek Field.

Key SIPEC acquisition metrics

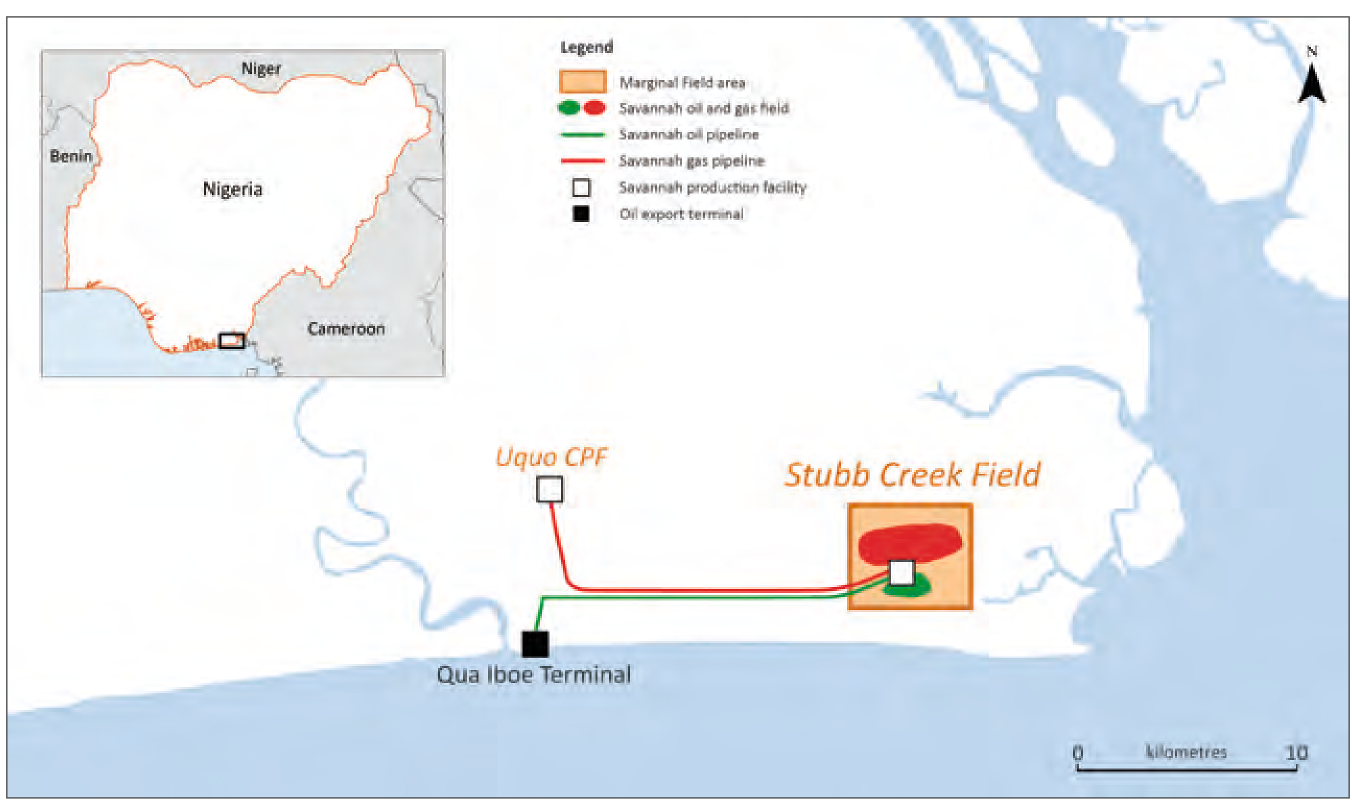
SIPEC net 2P oil Reserves end 2023
8.1 MMstb

SIPEC net 2024 forecast oil production
1.4 Kbopd

SIPEC net 2C gas Resources end 2023
227 Bscf

Enterprise value, 2P Reserves + 2C Resources
US$1.3/boe

Location of the Stubb Creek Field in Nigeria



Gas pressure valve at Savannah's Stubb Creek Facility, Nigeria

Substantial increase to our Reserves and Resources

As at year end 2023, SIPEC had an estimated 8.1 MMstb of net 2P oil Reserves and 227 Bscf of net 2C gas Resources. SIPEC oil production is estimated at an average for 2024 of 1.4 Kbopd. Savannah's Reserve and Resource base will increase by approximately 46 MMboe following completion of the SIPEC Acquisition. Commercial oil production at Stubb Creek started in 2015, with cumulative production to 31 December 2023 of 7.2 MMstb. Oil produced at Stubb Creek is exported via the Qua Iboe terminal in Nigeria.

Future plans for the asset

Following completion of the SIPEC Acquisition, we plan to implement a de-bottlenecking programme at the Stubb Creek processing facilities. It is anticipated that within 12 months of the completion of the acquisition, this will lead to Stubb Creek gross oil production increasing by 135% to approximately 4.7 Kbopd, with oil continuing to be exported via the Qua Iboe terminal.

Importantly, the proposed acquisition of SIPEC's 49% non-operated interest in Stubb Creek underpins Savannah's long-term ambition to be the gas supplier of choice in Nigeria, reliably delivering gas to current and future customers for decades to come. Our development of the contingent gas resources at Stubb Creek will involve the drilling and completion of several gas wells to supplement current gas production from our Uquo Gas Project. Production is planned to be tied back to our Uquo CPF via a new 31 km pipeline, allowing us to grow our business through the supply of gas to new and existing customers.

With a weighted average remaining contract life of 13.6 years, Savannah's natural gas supplies are a critical enabler of the Nigerian economy, supporting approximately 20% of Nigeria's thermal power generation capacity. We have a long-term vision for Stubb Creek as an important supplier of non-associated natural gas.

We remain committed to growing our core business in Nigeria through a combination of both value accretive acquisitions, and organic projects and business development activities. This transaction is an example of our strategy in action, with the acquisition being priced in line with our expected returns criteria and expected to unlock significant organic value creation potential associated with the oil de-bottlenecking programme and increased gas sales to Accugas customers.

Read more about our hydrocarbon assets in Nigeria on page 48.

L-R: Gozie Okeke, Instrument and Control Lead; Ebiti Macebiti, Graduate Intern; Idorenyin Obot Akpabio, Graduate Intern, Savannah's Uquo CPF, Nigeria

Chair's statement

Well placed for an exciting year ahead

"Savannah performed well in 2023 and has shown strength and resilience in the face of complex challenges. I am pleased with how the Company adapted and managed these challenges whilst continuing to focus on delivering our long-term strategy and adhering to high standards of governance. The Company is well placed for an exciting second half of 2024."

Joseph Pagop Noupoué
Chair of the Board

Dear fellow shareholders,

I am pleased to provide my inaugural report to shareholders, having been appointed to the Board as a Non-Executive Director in April 2023, and having succeeded Steve Jenkins as Chair following the 2023 AGM. I would like to take this opportunity to thank Steve for his leadership of the Board from the Company's inception in 2014 to June 2023. We are fortunate to be able to continue to draw on Steve's experience and knowledge in his continuing role as a Non-Executive Director. I would also like to thank Sylvie Rucar, who resigned from the Board as a Non-Executive Director in July 2023, for her contribution to the Company.

Savannah performed well in 2023 and has shown strength and resilience. I am pleased with how the Company adapted and managed the challenges it faced in 2023, whilst continuing to focus on delivering our long-term strategy and adhering to high standards of governance. The Company is well placed for an exciting second half of 2024, with the anticipated completion of both the South Sudan and SIPEC Acquisitions, the expected completion of the compression project in Nigeria, the comprehensive flow testing programme planned for key oil fields within our R3 East Development in Niger and the continuing development of our Renewable Energy Division.

We have continued to enshrine a strong safety culture within Savannah with a zero LTI and zero TRIR achieved in 2023. I am particularly proud to report that in September 2023 our operations in Nigeria recorded a significant milestone with one million working hours without an LTI, followed by two million working hours without an LTI post-year end in May 2024.

The Board continues to place great emphasis on engagement with all our stakeholder groups and more information on this is provided in our Section 172 Statement on page 42. Our updated materiality assessment post-year end (see page 68 for more details), also ensures that we continue to engage with our key stakeholder groups on a range of relevant sustainability topics.

We continue to use the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework. The Corporate Governance Report on page 112 explains how we applied the principles of the QCA Code in 2023. After reflecting on the governance requirements of the Group and the breadth of the Directors' skills, the Board decided to adopt a number of changes to the structure of the Committees, including:

- Changing the membership composition of the Committees;
- Transferring the risk responsibilities from the Audit Committee to the Health, Safety, Environment, Security and Risk Committee; and
- Reviewing and updating the terms of reference for certain Committees.

The resulting alignment of the Board, its Committees and the executive team means we are in a strong position to deliver the Group's strategy and long-term value to both internal and external stakeholders.

In order to ensure that the continued development of the Board is in parallel with the pace of the expansion and dynamism of the Company, during H2 2024 we intend to undertake an evaluation of the Board, its Committees and each Director. As evidenced by the new Director appointments over the last two years, the Board continues to place significant value on having Directors with diverse outlooks and varied experiences to achieve the balance of skills required to run a company such as Savannah during this stage of its growth cycle.

Ethics

Doing the right thing

At Savannah, compliance and ethics are embodied through practice. We strive to foster a culture where our people and business partners understand their roles and obligations to all stakeholders.

Our people work to deliver sustainable economic value through safe and secure operations. Savannah's operations are underpinned by a culture of transparency and good governance. Our approach to governance is unified across the organisation and management seeks to lead by example. Under our governance structure, the Board has overall responsibility for the oversight of the development and implementation of the Company's policies, ranging from health and safety to remuneration and compliance.

We prioritise clear and unambiguous measures designed to create high standards of governance, reflecting our dedication to responsible business practices. Our Company Business Conduct and Ethics Policy sets out the responsibilities shared between the Company and each of our employees to uphold high standards of behaviour. To ensure our employees and partners abide by our approach to ethics, our employees and third-party contractors must adhere to the Company's Anti-Corruption and Anti-Money Laundering Policy. Our employees undertake mandatory annual training to receive certification on Savannah's anti-corruption and whistleblowing framework. We also provide mandatory training on anti-corruption for third-party contractors, where required.

We work to foster a culture where our employees feel confident and empowered to challenge practices which do not support Savannah's ambition to create a secure working environment. Our robust governance procedure guides our operations; we lead by example with a commitment to making a positive impact.

Savannah prioritises the development of constructive partnerships with governments, joint venture partners and regulators to sustain collaborative efforts towards driving and improving transparency, governance and anti-corruption efforts in the countries in which we operate. To this end Savannah is proud to be a member of the Extractive Industries Transparency Initiative ("EITI") in support of EITI's mission to promote the open and accountable management of oil, gas and mineral resources. EITI is a global standard for the good governance of oil, gas and mineral resources which seeks to address the key governance issues in the extractive industries sector. Savannah joined EITI in December 2022, while our subsidiaries in Nigeria have aligned with EITI principles since 2015.

Recognising the need for fiscal discipline, our organisation is steadfast in achieving long-term financial goals. The Board has consistently championed initiatives to optimise financial performance, ensuring sustainable growth and resilience in a dynamic market environment. Our strategic decisions are guided by a commitment to fiscal responsibility and the prudent allocation of resources, reinforcing our long-term financial sustainability as we strive to deliver ***Projects that Matter***.

Embracing a collaborative approach, we conduct "town hall" meetings where senior leadership outline the strategic direction of the Company and answer questions from employees across our countries of operation. These practices, along with a robust culture of feedback during team meetings, exemplify our commitment to maintaining an open dialogue with our workforce.

Finally, we highlight the significant contribution of our employees for their dedication to driving our business forward. We thank all employees for their commitment to upholding our strong ethical values which drives our collective success.

As we look to the future, our focus on growing a material, African-focused energy business remains unchanged. As a Board we remain cognisant of our responsibility to ensure the long-term success of this strategy in the interests of, not only our shareholders, but also our wider stakeholders, including our employees, our host governments and our local communities. I believe that Savannah is exceptionally well-positioned to achieve these ambitions.

Thank you to you all for your support for Savannah Energy in 2023 and the year to date.

Joseph Pagop Noupoué
Chair of the Board
6 June 2024

Why we do what we do

To make a difference you have to do things differently

Our core beliefs

1. **We are focused on energy as we believe it is the critical enabler of human activity.**
2. **We are focused on Africa as we believe the continent's energy poverty is one of the most urgent and important problems facing the world today.**
3. **We invest in hydrocarbons AND renewables as we believe both will be critical components of the 2030-50 energy mix.**
4. **We believe all Africans have the right to benefit from economic development.**
5. **We believe that trade and private sector investment are essential for economic development.**

Our purpose

We are a pan-African energy and resources company seeking to deliver excellent performance for our stakeholders. We want to meaningfully contribute to the economic development of the countries in which we operate through the development of businesses and projects that make a material difference to those countries. We will continue to evolve to achieve our purpose. We are seeking to pursue ***Projects that Matter***.

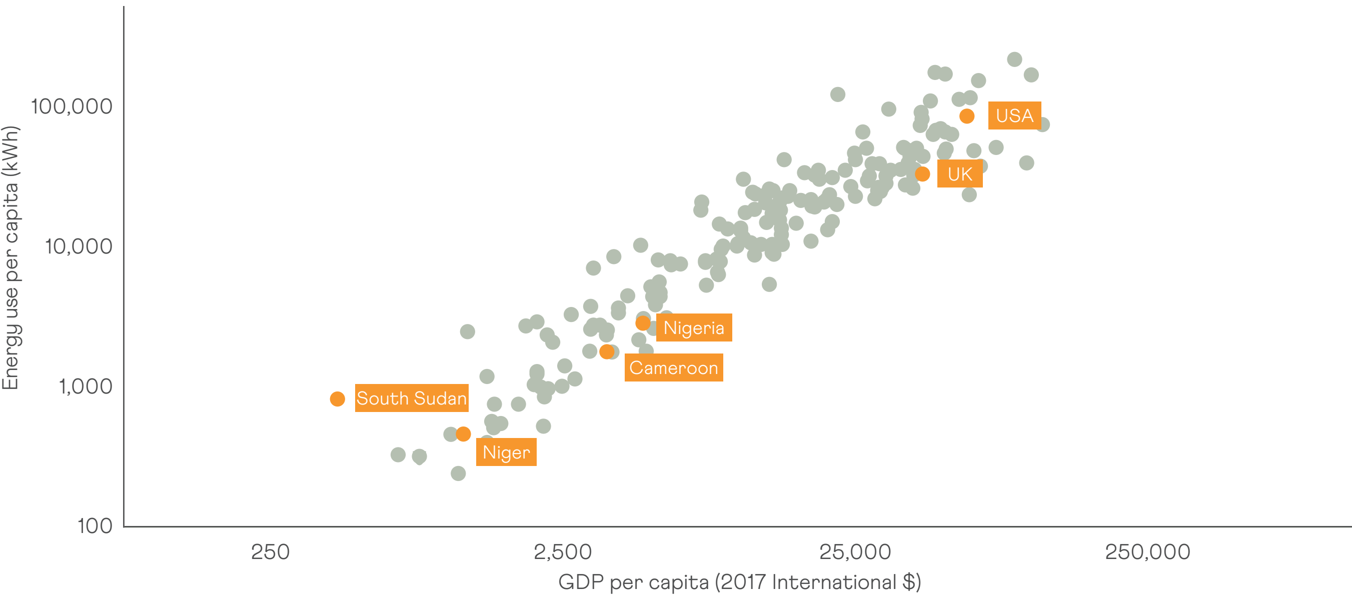
What makes us special

We are passionately focused around the achievement of our corporate purpose. We operate in jurisdictions which are often viewed as challenging by peers. We embrace these challenges as opportunities and understand that these are the jurisdictions where we can have the greatest impact. We have a growth/ cash flow re-investment orientated mindset. We take a patient and long-term view as to business performance and development. We believe in human talent development. We operate and hold ourselves accountable to high standards of performance and behaviour. We make things happen.

We are focused on energy as we believe it is the critical enabler of human activity.

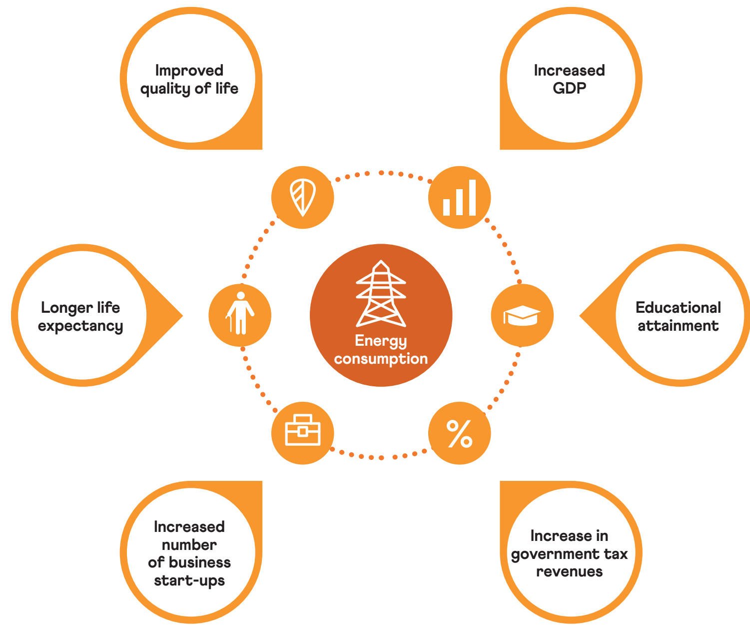
Access to energy is essential for economic development and human progress. The chart below demonstrates the strong correlation between GDP per capita and energy consumption per capita, using a data set which includes data from 187 countries. It clearly shows that: (1) people who have access to energy are generally wealthier than those who do not; and (2) it appears almost impossible for a country to meaningfully develop without access to power. For example, using international dollars, Niger has a GDP per capita of US$1,187 and energy consumption per capita of 410 kWh while the United States has a GDP per capita of US$63,670 and energy consumption per capita of 76,989 kWh, 5,266% and 18,689% higher respectively. Further, energy access is positively correlated with many other key human development metrics including those associated with educational attainment, life expectancy and quality of life. Energy is clearly therefore the critical enabler of human activity.

Correlation between GDP and energy use per capita: energy poverty drives economic poverty
(Note: logarithmic scale)



Source: Our World in Data based on BP & Shift Data Portal, World Bank (2021).

Energy consumption as a driver of economic and human development

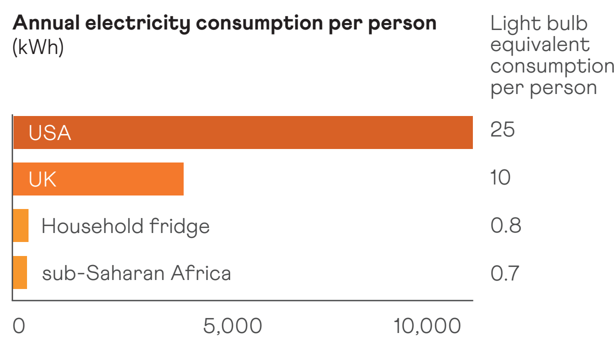


Why we do what we do continued

We are focused on Africa as we believe the continent’s energy poverty is one of the most urgent and important problems facing the world today.

Africa is home to 18% of humanity but only 57%, amounting to 600 million of her people, are estimated to have access to grid connected electricity (in any form). Despite her size and low electricity access, Africa is estimated to receive only 5% of all global energy investment[1].

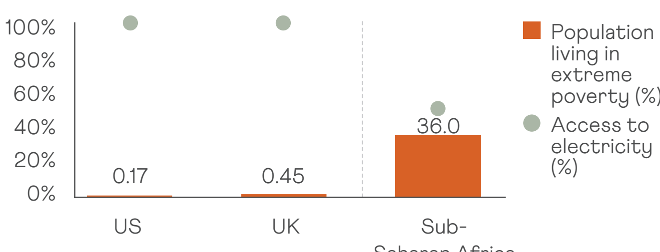
Annual electricity consumption per person (kWh)



Source: World Bank, EIA, The Economist.

In sub-Saharan Africa, aggregate electricity consumption per person is estimated to be less than that consumed by a standard US household fridge, 8% of what an average UK citizen is estimated to consume or 3% of what an average US citizen is estimated to consume.

Percentage of population below World Bank extreme poverty rate (2022)



Source: World Bank, Gapminder (2022).

The impact of energy poverty in Africa is clear to see; 36% of those people living in sub-Saharan Africa are estimated by the World Bank to be living in extreme poverty (i.e. earning less than US$2.15 per day).

L-R: Otu Inyang, Senior Instrument Technician; Michael Okonkwo, Operations Lead, Ibom Gas Receiving Facility, Nigeria

African population with access to electricity (%)

Source: World Bank.

Why we do what we do continued

We invest in hydrocarbons AND renewables as we believe both are critical components of the 2030-2050 energy mix.

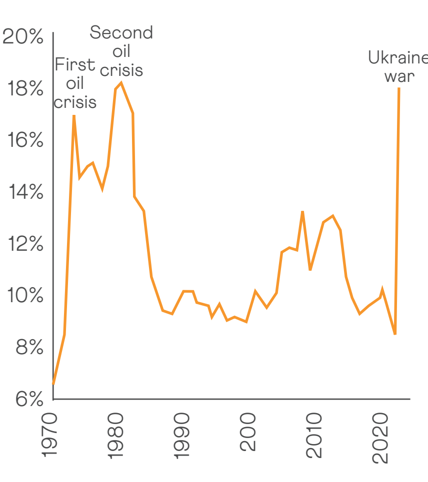
Energy dominates global capital and operating expenditures

Share of global non-financial corporate CAPEX by sector

Year	Energy and utilities	Consumer	Healthcare	IT and comms	Industrials
2008	51%	13%	5%	12%	19%
2009	53%	12%	4%	13%	18%
2010	54%	10%	4%	14%	18%
2011	54%	11%	4%	13%	18%
2012	54%	11%	3%	12%	20%
2013	54%	11%	4%	12%	19%
2014	53%	12%	4%	13%	18%
2015	49%	13%	4%	15%	19%
2016	44%	15%	4%	17%	20%
2017	43%	15%	4%	17%	21%
2018	43%	15%	4%	17%	21%
2019	44%	15%	4%	16%	21%
2020	42%	15%	6%	17%	20%
2021	42%	15%	5%	18%	20%
2022	42%	15%	3%	14%	26%

Source: S&P Global Market Intelligence, S&P Global Ratings. Universe is Global Capex 2000.

Estimated share of OECD GDP spent on energy end use



Source: OECD

Over 75% of today's global energy mix is provided by hydrocarbons, 53% of which is from oil and gas. Approximately 42% of all global capital expenditures relate to energy projects. Similarly, 18% of OECD GDP is spent on energy end use. It is therefore clear that: (1) oil and gas production is a critical contributor to the current functioning of the global economy and the maintenance of human living standards; and (2) this is clearly evidenced by the money people are prepared to spend to sustain their "status quo" quality of life.

Energy transitions take (a lot of) time

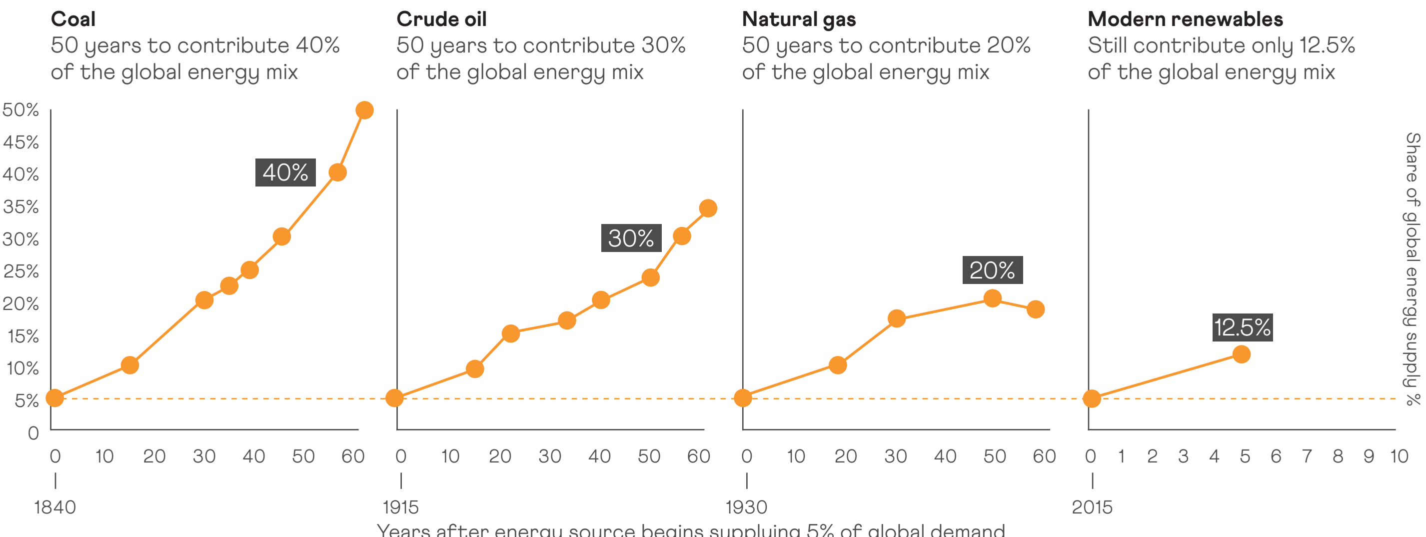
It has taken decades for major energy sources to provide a significant share of global supply:

Coal
50 years to contribute 40% of the global energy mix

Crude oil
50 years to contribute 30% of the global energy mix

Natural gas
50 years to contribute 20% of the global energy mix

Modern renewables
Still contribute only 12.5% of the global energy mix

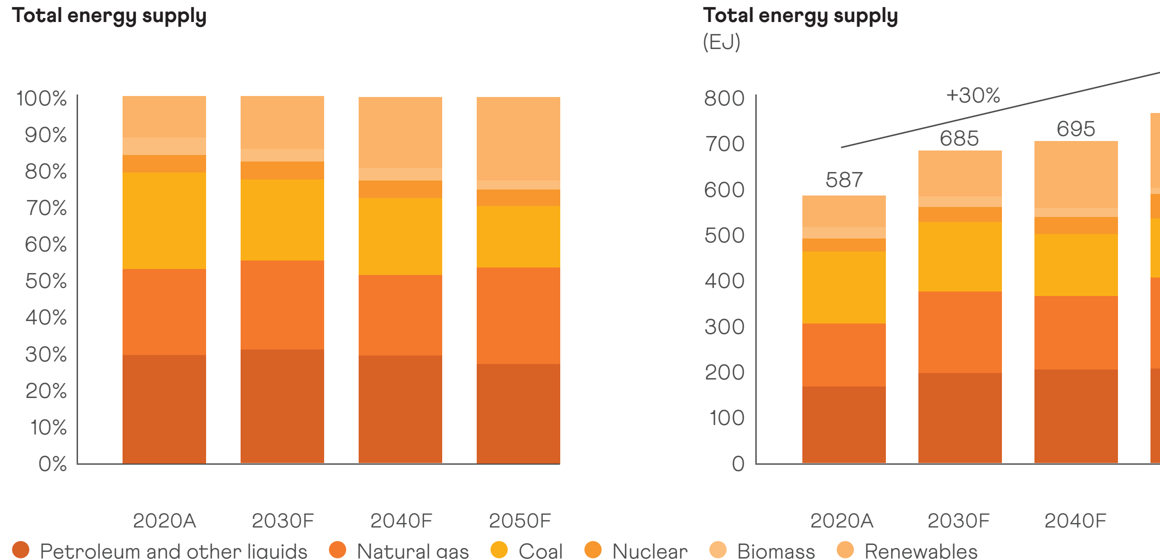


Sources: Vaclav Smil. Modern renewables include: wind, solar, and modern biofuels; Bill Gates: How to Avoid a Climate Disaster, IEA.

Previous energy transitions took over 50 years, and the modern renewable energy transition only began around 2015. The extent to which the world requires oil and gas in the future will depend on the absolute and relative rate of renewable energy and carbon mitigation technological improvements. While it is reasonable to suggest that these processes are generally faster today than in earlier periods, it would also seem reasonable to recognise that the pace of the global energy transition is likely to take a relatively long time (and it would be foolish for the world to plan on a different assumption). Further, it is important to note that previous energy transitions have not resulted in the complete displacement of older energy sources with, for example, coal still providing around 26% of the global energy mix in 2022.

Forecast energy mix and supply: trend case scenario

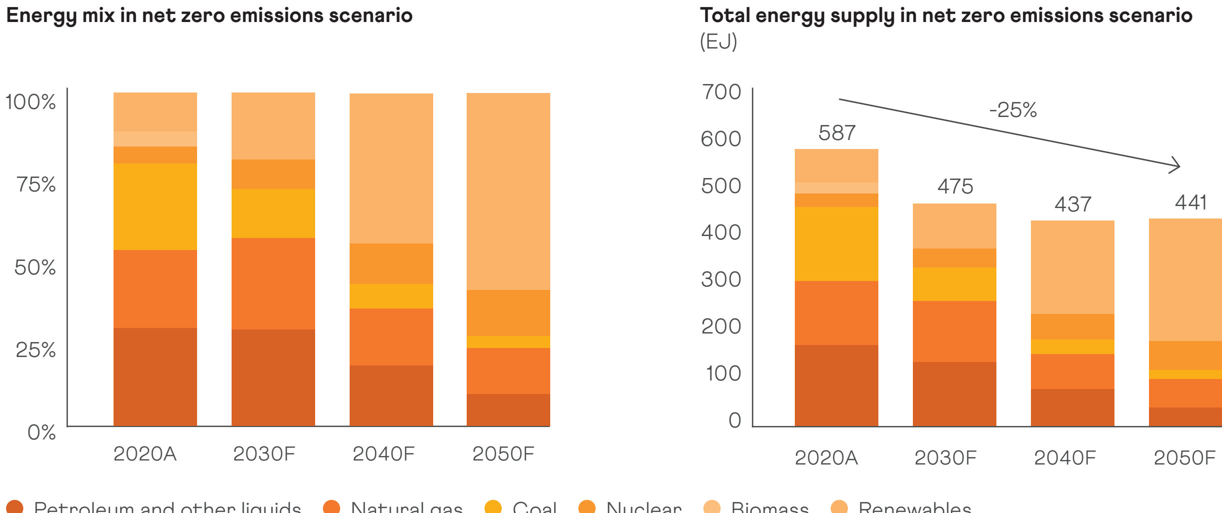
On a current trend basis the International Energy Agency ("IEA") estimates that global energy consumption will grow by 30% 2020A to 2050F, from 587 exajoules ("EJ") to 764 EJ, with oil and gas' share of the global energy mix remaining stable between 52% to 54% in this period. In absolute terms this would see oil production rising by 21% and gas production rising by 46% respectively over the period.



Source: IEA.
A denotes actual
F denotes forecast

Forecast energy mix and supply: net zero emissions scenario

To meet the net zero standard by 2050, the International Energy Agency ("IEA") estimates that oil and gas' share of the global energy mix would have to fall from 53% to 23%. In absolute terms this would see oil production falling by 76% and gas production falling by 56% over the period.



Source: IEA.
A denotes actual
F denotes forecast

Why we do what we do continued

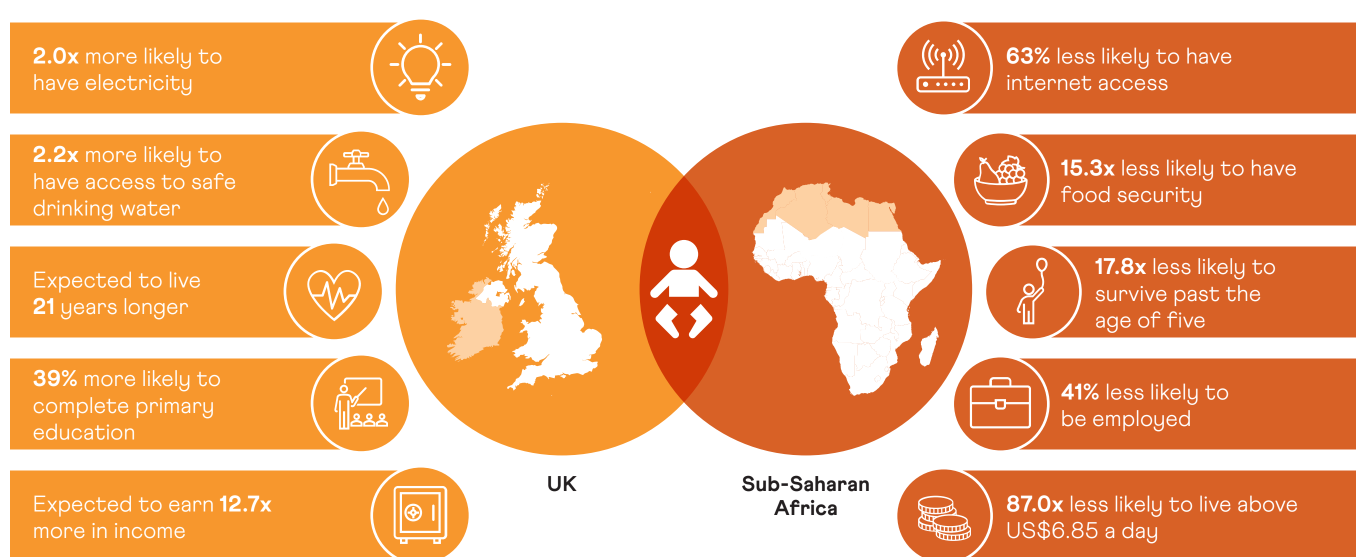
We believe that all Africans have the right to benefit from economic development.

In principle, we are willing to invest in any African country where projects will meet our investment criteria (i.e. financial, legal structure, social impact and materiality) as we believe:

- That all Africans have the right to reap the benefits of economic development.
- That jurisdiction and associated project risks can be identified and mitigated down to acceptable tolerance thresholds (including through diversification) – which are typically higher than those of jurisdictions and projects being conducted in the OECD.
- In our own ability to build highly motivated teams, capable of delivering projects in such environments.

UK vs. sub-Saharan Africa: expected life outcomes at birth

Born in the UK | **Born in sub-Saharan Africa**

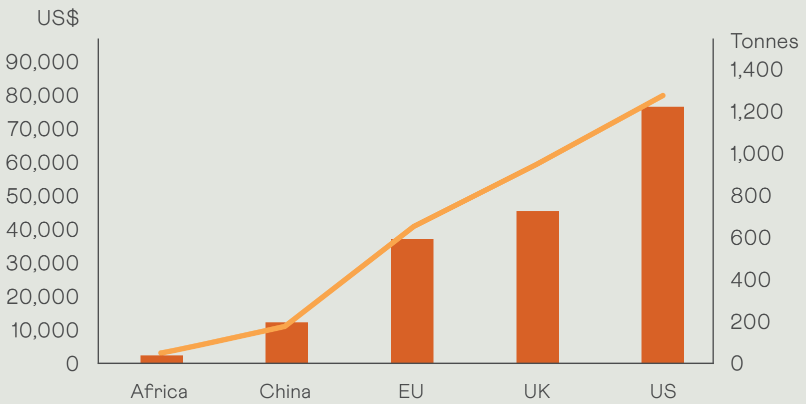


Source: World Bank.

Carbon use has driven economic development

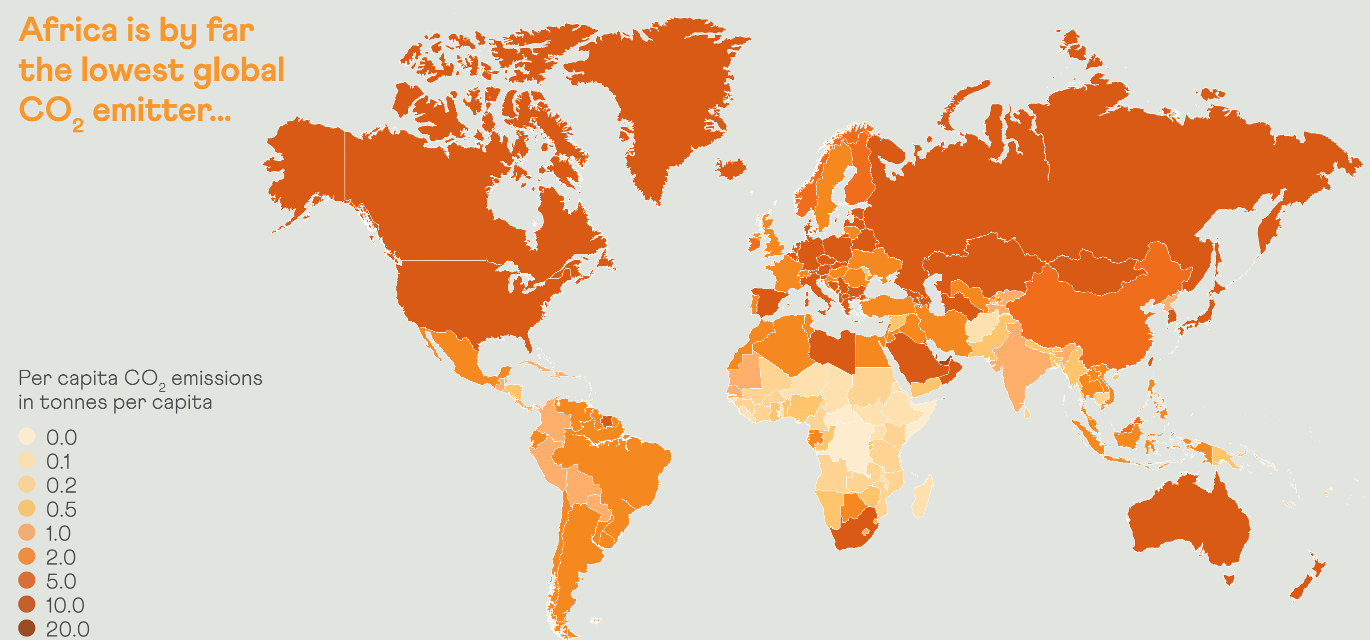
Rich industrial countries developed through the consumption of carbon. The US, the UK, the EU and China have accounted for over 60% of cumulative carbon emissions to date, with Africa having contributed only 3%.

GDP/capita vs. cumulative annual CO_2 emissions per capita



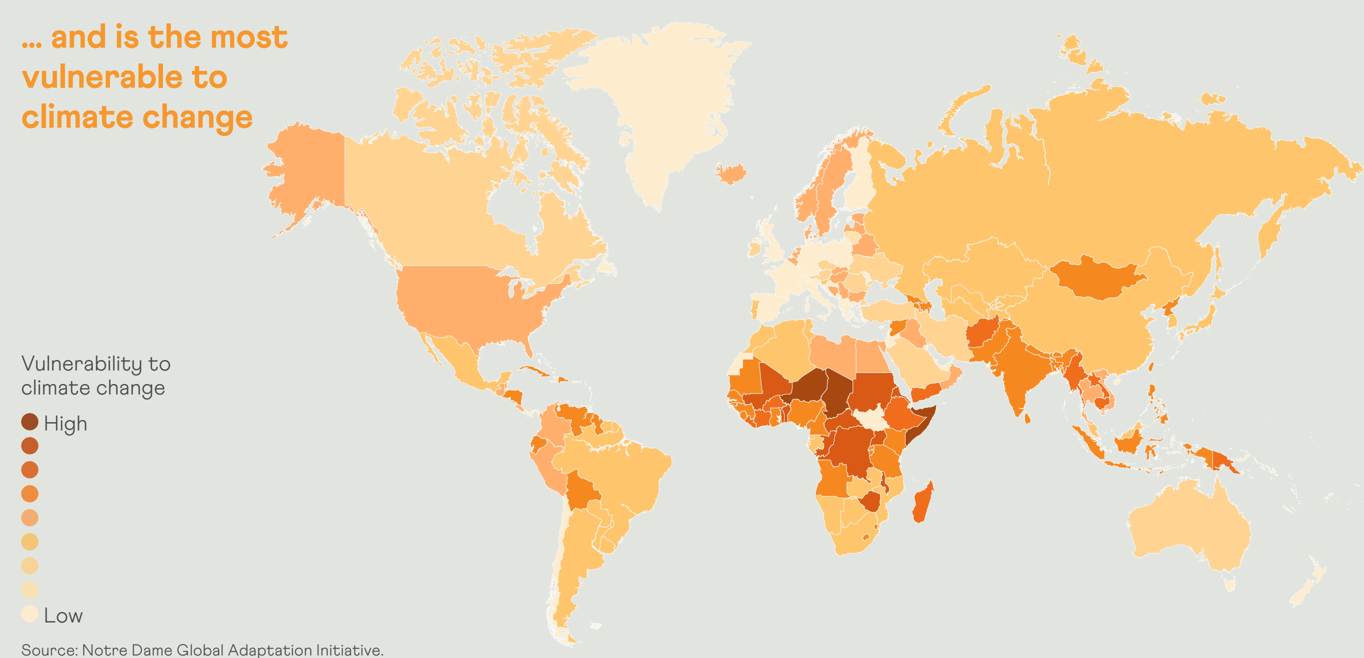
Source: Our World in Data, IMF.

Africa is by far the lowest global CO_2 emitter...



Source: Our World in Data, based on the Global Carbon Budget, 2023.

... and is the most vulnerable to climate change

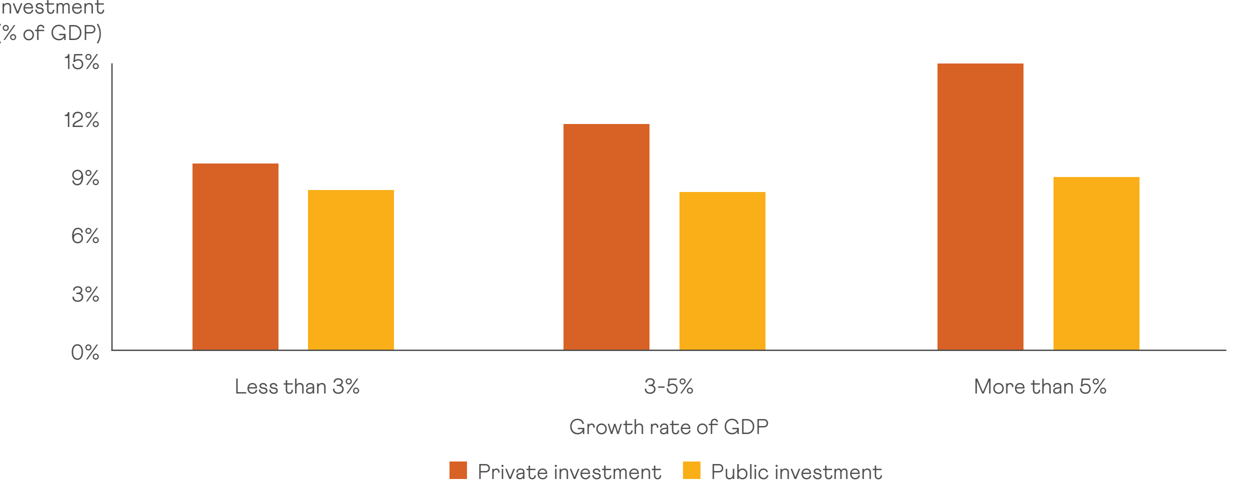


Source: Notre Dame Global Adaptation Initiative.

We believe that trade and private sector investment are essential for economic development.

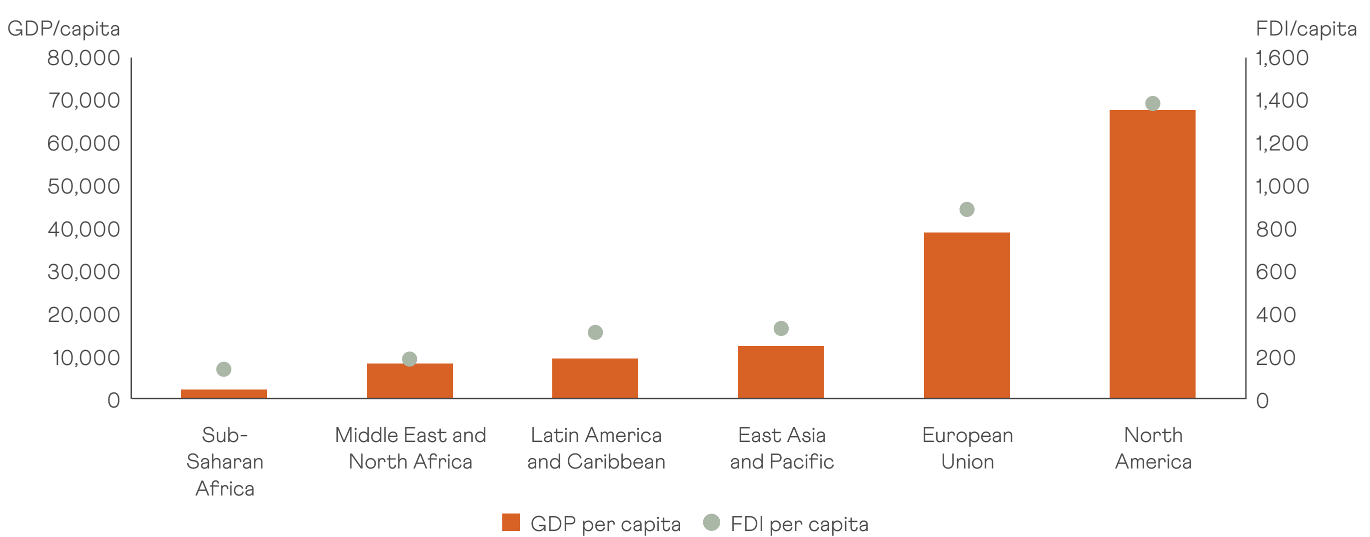
Private sector investment and trade, inter alia, stimulate economic growth, enhance the efficiency of resource allocation, facilitate technology transfer, create jobs, reduce poverty, generate government revenue and foster market integration and stability.

Investment and economic growth in selected developing countries



Source: IFC, Bouton and Sulinski, "Trends in Private Investment in Developing Countries," IFC Discussion Paper Number 41.

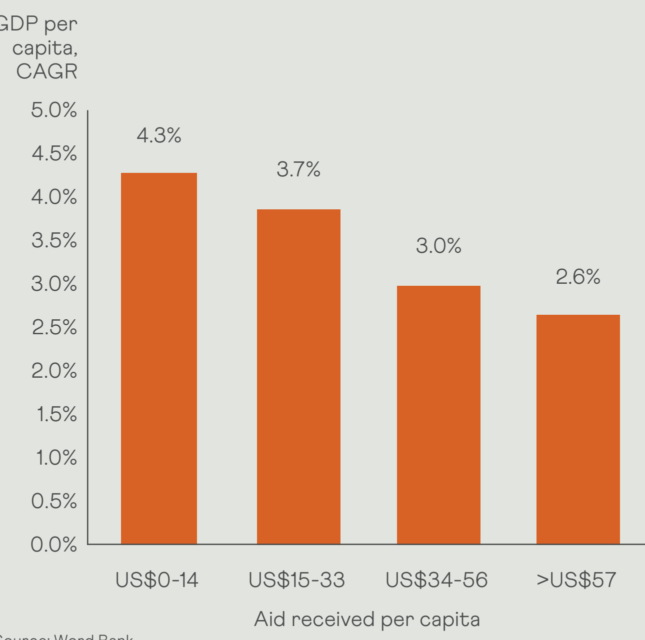
GDP per capita vs. Foreign Direct Investment ("FDI") per capita
(US$)



Source: World Bank.

In contrast, while potentially essential in times of real crisis, long-term aid programmes create dependency traps, crowd out private sector investment and are associated with the enablement of corruption.

Aid received vs. economic growth rates (2011-2021)[2]



Source: Word Bank.

"Give a person a fish, and you feed them for a day. Teach a person to fish, and you feed them for a lifetime."

Anonymous

"There is nothing in the history of aid that suggests that aid promotes economic growth. Countries that have managed to sustain high rates of growth... have done through the free market[3]."

Baroness Dambisa Moyo
Developmental economist and author

"We cannot solve poverty without wealth creation. We cannot solve wealth creation without business, and we cannot create business without efficient and effective free markets[4]."

Baroness Dambisa Moyo
Developmental economist and author

DFIs' key products and services

Development Finance Institutions ("DFIs") provide key products and services to enable trade and private sector investment in the emerging and developing world and, in our view, are a necessary part of today's development solution.

Championing the African energy transition

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

Andrew Knott
Chief Executive Officer

Dear fellow shareholders

I would like to welcome you to our tenth Annual Report as a listed company. This year's letter follows a similar format to those of recent years. The first section discusses our Company's continued industry-leading financial, operational and sustainability performance. The second discusses our key focus areas for 2023 and 2024. The third discusses the "how" and the "why" we see the African energy transition evolving and discusses the relevance of our hydrocarbon AND renewables business model.

Before turning to the first section, I would like to draw your attention to three key articles in this year's Annual Report. The first article on pages 10 to 19 describes "Why we do what we do", where we discuss our corporate purpose and the associated core beliefs which serve to underpin our strategy and business model. I really believe that this section is essential reading for anyone seeking to understand our Company. The second on pages 27 to 31, authored by Professor Stefan Dercon, CMG, Professor of Economic Policy at the Blavatnik School of Government and the Department of Economics of the University of Oxford, and the Director of the Centre for the Study of African Economies at the University of Oxford, discusses "Private Investors and the Gamble on Growth and Development", drawing on themes from his recent book, "Gambling on Development; Why Some Countries Win and Others Lose". The third article, on pages 32 to 37 from Johan Norberg, an author, lecturer, documentary filmmaker and a Senior Fellow at the Cato Institute in Washington D.C., focuses on the importance of capitalism and free markets for economic growth in Africa, following the arguments developed in his recent book, "The Capitalist Manifesto: Why the Global Free Market Will Save the World". We are extremely grateful to both of our distinguished guest authors for their contributions.

2023 in review

The macro environment of 2023 was very different to that of 2022. Real GDP growth in both Africa and the OECD fell year-on-year to 3.2%[1] and 1.6%[2] from 4.0%[1] and 2.9%[2] respectively. The macro energy complex was significantly weaker too, with, for example, benchmark oil and liquified natural gas prices falling by 18% and 38%[3] respectively. Annual inflation rates in advanced economies fell from an average of 7.3%[1] in 2022 to 4.6%[1] in 2023, starkly contrasting with sub-Saharan Africa where inflation rose year-on-year to 16.2%[1] versus 14.5%[1] last year. The latter was caused largely by the former countries' loose monetary policies[4] and resulted in a broadly proportionate depreciation in the value of non-indexed African currencies which depreciated against the US Dollar by an average of 16%[5].

The seven energy Supermajors reported US$129.3 billion of profit in 2023 (-29% year-on-year)[6], largely driven by the softening macroeconomic environment, while their aggregate annual production volume fell by a modest 1.2%. The major energy companies' business plans were also revised with CEO commentary across the board focusing on the critical role energy and, in particular, energy generated from hydrocarbons, plays in the global economy. This was reflected in the Supermajors' near-term projected capital expenditures for transition projects reducing relative to their projected capital expenditures for fossil fuel projects, with a consequent increased role for hydrocarbons in their pre-2030 business mixes than had been suggested in prior year CEO commentaries.

Savannah's financial performance was significantly ahead of the guidance we provided at the beginning of the year. We reported Total Revenues[a] of US$261 million (versus guidance of greater than US$235 million and US$290.4 million last year), Operating and administrative expenses[f] of US$68.8 million (versus guidance of less than US$75 million and US$66.2 million last year) and Adjusted EBITDA of US$184.1 million (2022:

US$223.6 million). Our Adjusted EBITDA margin, therefore, remained industry leading at 71% compared to the Supermajors' average margin of 20%[6]. The 10% year-on-year decline in Total Revenues[(a)] was significantly driven by lower gas invoicing due to a planned maintenance programme we conducted at our production facilities in Nigeria (a regulatory requirement coinciding with the 10-year anniversary of the commencement of operations).

At the Nigerian business unit level, we recorded Adjusted EBITDA[(c)] of US$213.9 million (-13% year-on-year) and an Adjusted EBITDA[(c)] margin of 82%. The US$29.8 million difference between the Group and our Nigerian business Adjusted EBITDA[(c)] numbers largely reflects the central costs of running the business, the investments we are making in our pre-revenue renewables business and the build-up of corporate infrastructure necessary to support our significant future organic and inorganic growth plans. A substantial portion of these central costs in the year related to the establishment of the infrastructure needed to support the operations in Chad and these costs would ordinarily have been charged to these entities. However, following the Nationalisation, the costs remained at the corporate level – we have taken steps to reduce these costs in FY 2024, while continuing to maintain the necessary infrastructure to support our growth plans.

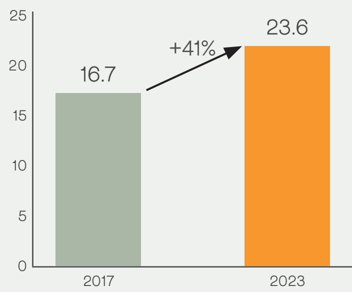
In 2023, 90% of our revenue stream was derived from fixed price gas sales agreements with no cyclical exposure to oil or international gas prices. Over the last seven years our Nigerian business has achieved an annualised Total Revenues[(a)] compound annual growth rate ("CAGR") of 15.7%. This Total Revenues[(a)] growth compares favourably to the long-term trend CAGR of the wider UK stock market constituents of 4.6%. Further, since the announcement of our decision to acquire our Nigerian business in 2017, we have more than doubled the number of customers. We are now contracted to supply gas to enable approximately 20% of Nigeria's thermal power generation capacity (up from approximately 10% at the time of acquisition)[7], as well as to key petrochemical and cement factories. We are clearly performing a critical service to the Nigerian economy. Over the same period our operational performance has been equally robust, with an estimated 99% uptime versus plan at our Uquo CPF.

The build out of our pre-revenue Renewable Energy Division continued in 2023 as the 500 MW of projects we had intended to pursue in Chad were replaced by up to 446 MW of new solar, hydro and wind projects in other African countries. We intend to provide more details on the individual projects we are developing within our Renewable Energy Division at a strategy presentation later in 2024. At the time of writing, we have up to 696 MW of renewable projects in motion.

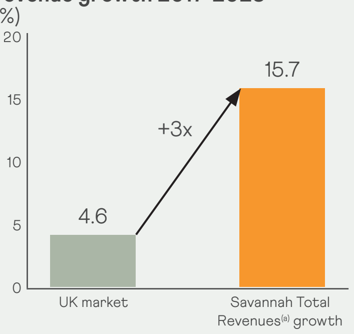
On a pro forma basis we increased training hours per employee by 24% on a broadly flat headcount. We intend to continue to invest in our people and infrastructure as we pursue our goal of potentially quadrupling the scale of our business over the course of the coming years.

As always, we maintained our strong focus around safe operational delivery. In 2023 we recorded an exceptional Lost Time Injury Rate ("LTIR") of zero and a Total Recordable Incident Rate ("TRIR") of zero per 200,000 working hours. Our performance against key sustainability metrics remained equally industry-leading. Our carbon emissions were 45% lower than the industry average of 19.4 kg CO_2e/boe at 10.7 kg CO_2e/boe. Our senior management female gender diversity was 33%, while our local employee ratios in our countries of operation were maintained at 99% for Nigeria and 100% for Niger.

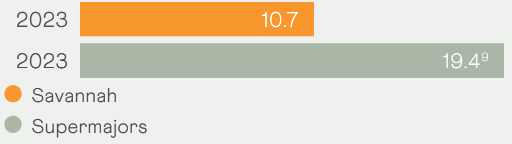
Gross production growth 2017-2023[8]
(Kboepd)



UK market vs. Savannah long-term revenue growth 2017-2023
(%)



Savannah vs. Supermajors' carbon intensity[9]
(kg CO_2e/boe)



A visual representation of Savannah's proposed Parc Eolien de la Tarka wind farm project, Niger

CEO's shareholder letter continued

Key highlights

Niger

Following the change of government in Niger in July 2023, the country achieved first oil exports through the 1,950 km Niger-Benin oil export pipeline in Q2 2024. At the time of writing, the pipeline is now reported to be fully operational and transporting approximately 90 Kbopd from China National Petroleum Corporation's Agadem licence area to the Port of Cotonou in Benin. This increased production is expected to accelerate Niger's economic growth by an estimated 27% and exports by 89% respectively in 2025 versus 2023 levels[10].

From a Savannah perspective, commissioning of the pipeline provides a clear route to international markets for crude oil produced from our R1234 contract area. We expect to commence a comprehensive flow testing programme in late 2024 of the main oil fields included in our c. 35 MMstb R3 East field development plan (the "FDP"). This flow testing programme is expected to enable us to fine tune and optimise the FDP, ahead of expected first commercial oil production in H2 2025/H1 2026. The NPV of the initial R3 East development project has been assessed at US$150 million[11].

We made significant progress on our up to 250 MW Parc Eolien de la Tarka wind farm project, located in the Tahoua Region of southern Niger. We have now completed the principal studies required to enter into a definitive concession agreement with the Government of Niger. We submitted our Environmental Social Impact Assessment ("ESIA") scoping report to the National Bureau of Environmental Evaluation post-year end in Q1 2024. During H2 2024 we plan to continue the ongoing ESIA fieldwork and complete the additional studies required for the submission of the full ESIA report. We hope to achieve project sanction in 2025 with first power delivery in 2027. We have also signed agreements with two leading international Development Finance Institutions to fund approximately two-thirds of the pre-construction development costs of the project. The project is anticipated to supply up to 22% of Niger's electricity demand, based on the country's projected energy demand in 2026 (which is expected to grow significantly between today and 2026).

In May 2023 we signed an agreement for the potential development of two solar photovoltaic power plants in the areas around the cities of Zinder and Maradi, also in southern Niger, with a combined installed power generation capacity of up to 200 MW. These projects are now operating on a timeline with a sanctioning decision expected in 2025, for first power in 2027. These projects are expected to supply up to 12% of Niger's electricity demand based on 2026 energy demand projections.

Our wind and photovoltaic renewable projects in development in Niger would therefore be capable of supplying up to 34% of Niger's electricity demand at the commencement of project operations.

Nigeria

Post-year end we announced plans to increase our effective economic interest in the Stubb Creek oil and gas field in Nigeria from 51% to 100%, through the acquisition of our Nigerian subsidiary Universal Energy Resources's joint venture partner SIPEC. This acquisition will increase Savannah's net 2P and 2C Reserves and Resources base by 29% from 157.6 MMboe to 203.4 MMboe for a total consideration of US$61.5 million, an effective cost of US$1.3/boe[12].

In January 2024, our Nigerian midstream subsidiary, Accugas, signed an agreement with a consortium of five Nigerian banks to provide a new NGN340 billion term facility (the "Transitional Facility"). This refinancing will enable us to align the currency of Accugas' principal revenue streams with its debt service obligations and is intended to provide much greater financial flexibility for the business in future years.

Throughout 2023 we progressed the US$45 million compression project at our Uquo CPF, which will enable us to further grow our gas production levels over the course of the coming years. At the time of writing, the project remains on track and on budget, and is expected to be completed and operational in H2 2024.

The investment we made in the Nigerian energy investment company Fenisko (previously known as Lekoil Limited), performed well in 2023. In 2022, Savannah invested approximately US$1 million in Fenikso and, under the terms of the restructuring agreements subsequently negotiated between Savannah and Fenikso, we received an entitlement to payments totalling up to US$16.3 million for the following nine year period. At the time of writing Savannah has fully recovered our investment, with payment receipts totalling US$2.9 million to date.

Cameroon

In Cameroon progress has continued apace on Savannah's Bini a Warak hybrid hydroelectric and solar project since the signing of the Memorandum of Agreement with the Government of the Republic of Cameroon on 20 April 2023. The project involves the construction of a hydroelectric dam on the Bini River, located in the northern Adamawa Region of Cameroon, and is expected to increase current on-grid electricity generation capacity in northern Cameroon by over 50%.

During 2023, design optimisation studies were completed which identified opportunities for improvement on the original project design, reducing its environmental and social impact and lowering the cost per kilowatt hour. In particular, the redesign incorporates photovoltaic solar into the project, raising its installed power generation capacity from 75 MW to 95 MW. Hydropower production will adapt to photovoltaic solar production levels, enabling a combined stable level of energy generation throughout the day. The redesign is also expected to reduce dam water levels, thereby lowering the flooded surface area by around 50% and reducing the impact on local communities.

The proposed redesign was presented to Cameroon's Ministry of Water and Energy in December 2023 and was subsequently approved by the Minister of Water and Energy, His Excellency Gaston Eloundou Essomba. A project sanction decision is currently anticipated in early 2026, with first power targeted in the 2027 to 2028 window.

We also agreed to sell a 10% interest in COTCo to the national oil company of Cameroon, Société Nationale Des Hydrocarbures, for consideration of US$44.9 million plus accrued dividends[13, 14].

Chad

Our wholly owned subsidiary, Savannah Chad Inc ("SCI"), commenced arbitral proceedings against the Government of the Republic of Chad and its instrumentalities in response to the March 2023 nationalisation of SCI's rights in the Doba fields in Chad, and other breaches of SCI's rights. Our other wholly owned subsidiary, Savannah Midstream Investment Limited ("SMIL"), commenced arbitral proceedings in relation to the nationalisation of its investment in TOTCo, the Chadian company which owns and operates the section of the Chad-Cameroon pipeline located in Chad. SMIL has also commenced arbitral and other legal proceedings for breaches of SMIL's rights in relation to COTCo, the Cameroon company which owns and operates the section of the Chad-Cameroon pipeline located in Cameroon.

We expect the arbitral proceedings to be concluded in the second half of 2025. SCI and SMIL are claiming in excess of US$840 million for the nationalisation of their rights and assets in Chad, and SMIL has a claim valued at approximately US$380 million for breaches of its rights in relation to COTCo. Whilst the Government of the Republic of Chad has acknowledged SCI's and SMIL's right to compensation, no compensation has been paid or

announced by the Government of the Republic of Chad to date. We believe the assets have suffered because of the nationalisation, with the Government of the Republic of Chad's own figures suggesting that Doba field oil production has fallen by 25%[15] . This contrasts substantially with the planned 20% increase in production Savannah had anticipated over the same period and equates to an estimated more than US$235 million annualised loss of potential tax revenue for the Government of the Republic of Chad.

Further, as a result of the actions of the Government of the Republic of Chad, Savannah is no longer actively pursuing the up to 500 MW of renewable power generation projects in Chad. These projects were the subject of a Memorandum of Understanding signed on 26 May 2022 by the Government of the Republic of Chad and Savannah in the presence of the Ambassador of the United Kingdom to the Republic of Chad. The projects had attracted significant interest from Development Finance Institutions wishing to partner with us and we believe would have increased electricity access rates in the country by over 200%. As discussed above, our Renewable Energy Division has successfully replaced these planned projects with new projects we are pursuing in other African countries.

Savannah remains ready and willing to discuss with the Government of the Republic of Chad an amicable solution to the disputes. However, in the absence of such discussions, the Group intends to vigorously pursue its rights in the arbitrations.

South Sudan

We continue to progress the planned acquisition of PETRONAS assets in South Sudan. In 2023 the assets produced 149 Kbopd (gross) of crude oil[16]. Savannah has already undertaken significant preparation work associated with the completion of this acquisition, which is now targeted for Q3 2024.

Key focus areas for the coming years

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

- **Significant expansion of our Renewable Energy Division.** We expect to have up to 1 GW+ of renewable energy projects in motion by end 2024 and up to 2 GW+ by end 2026. Our confidence in these targets is driven by the pipeline of projects we are working on and expect to be in a position to announce in H2 2024 and the robust growth dynamics underpinning the African power market on both the supply and demand sides of the equation (i.e. low existing electricity access rates and high population growth rates). Over time, I believe that our renewable energy business will evolve to be a high growth business characterised by contractually long-dated, geographically diversified cashflows;
- **Further hydrocarbon acquisitions.** The major energy companies are estimated to have in excess of US$169 billion[17] of upstream oil and gas assets in Africa and most have significant upstream asset divestment programmes. Savannah is strongly positioned to continue to participate in these divestment programmes, given our operating capabilities, regional reputation and access to capital. Post-deal we would expect to act as strong asset stewards delivering better underlying operational performance and improvements in unit carbon intensity (within the limitations of the underlying assets) compared to the previous asset owners;
- **The refinancing of our US$342 million Accugas debt facility.** Our intention remains to redenominate the current US Dollar-denominated facility to a multi-tranche Naira-denominated facility, extending the average maturity to beyond 2030 and reducing the facility cost in Dollar equivalent terms;
- **Progressing the R3 East Development project**. As noted previously, we intend to commence a flow testing programme on the key R3 East area fields in Q4 2024 with first commercial oil production anticipated during H2 2025/H1 2026;
- **Increasing oil production at Stubb Creek**. Following completion of the SIPEC Acquisition, we plan to implement a de-bottlenecking programme at the Stubb Creek processing facilities. It is anticipated that within 12 months of the completion of the acquisition, this will lead to the more than doubling of Stubb Creek gross oil production to approximately 4.7 Kbopd; and
- **Resolution of the Chad disputes.** As discussed above, SCI and SMIL have claims valued in excess of US$1 billion in aggregate in the Chad disputes with the legal arbitrational processes scheduled to conclude by end 2025.

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

It is also important to emphasise that our investment decisions are first and foremost driven by expected risk-adjusted returns criteria and all projects and transactions that we pursue are subject to rigorous analysis and due diligence in this regard.

> "We expect to have up to 1 GW+ of renewable energy projects in motion by end 2024 and up to 2 GW+ by end 2026. Over time, I believe that our renewable energy business will evolve to be a high growth business characterised by contractually long-dated, geographically diversified cashflows."

Andrew Knott
Chief Executive Officer

CEO's shareholder letter continued

How we see the African Energy Transition

As in previous years' shareholder letters, I have chosen to discuss how we see the African Energy Transition. Before turning to discuss this, I feel it is important to emphasise that this is only one of several important contributing beliefs driving what Savannah does as a company. On pages 10 to 19 of the Annual Report we have outlined in detail "Why we do what we do". In that section we discuss our corporate purpose and associated core beliefs which serve to underpin our hydrocarbons AND renewables strategy and business model. In simple terms, the section explains why energy poverty in Africa is the principal problem our Company is seeking to help solve and why we believe this problem is one of the most urgent and important problems facing the world today. I would urge any reader interested in really understanding our Company to read this section, especially if they are from a rich world background and perhaps less intuitively understand the realities of the everyday challenges facing the 600 million people who are defined by the World Bank as living in extreme poverty (i.e. have incomes of less than US$2.15/day)[18].

Energy is critical to enabling and sustaining people's quality of life. My preferred chart for demonstrating this is below, which compares GDP per capita to power consumption per capita. As can be seen, people without access to energy are dramatically poorer than those with access to energy. For example, Niger is ranked 189 out of 193 on the UN Human Development Index[19] ("UN HDI") with a GDP per capita of US$1,187[20] and power consumption per capita of 410 kWh[21]. The United States of America on the other hand is ranked 20 out of 193 on the UN HDI with GDP per capita of US$63,670 and power consumption per capita of 76,989 kWh, 5,266% and 18,689% higher respectively. A similar pattern emerges when we look at the relationship between power consumption and other key quality of life barometers such as life expectancy and lifetime health outcomes.

Over 75% of today's global energy mix is provided by hydrocarbons with 53%[22] of this provided by oil and gas. The scale of investment required to sustain the "status quo" global quality of life is immense. Global non-financial capital expenditures for the energy sector amount to 42% of all global capex[23]. The world clearly, therefore, requires oil and gas today, and is prepared to pay vast amounts of money to enable this. The extent to which the world requires oil and gas in the future will depend on the absolute and relative rate of renewable energy and carbon mitigation technological improvements, and the absolute and relative rate of adoption of these improvements. In this regard, the quote by John Kerry (The former US Climate Change Envoy), which I have cited in my last three shareholder letters, remains pertinent – "I am told by scientists that 50% of the reductions we have to make by 2050 or 2045 are going to come from technologies we don't have yet."

2023 clearly demonstrated the robustness of our business model, corporate capacity and corporate infrastructure. Our core business continued to perform strongly, while we have progressed our projects in Niger during a period of political change, managed the impact of the nationalisation of our Chad Assets to ensure that we receive the value we are due, progressed two separate hydrocarbon acquisitions which are material to our business, continued to grow our renewable energy business and positioned ourselves strongly to announce and progress further new and exciting projects in 2024."

Andrew Knott
Chief Executive Officer

Correlation between GDP and energy use per capita: energy poverty drives economic poverty

(Note: logarithmic scale)

Energy use per capita (kWh)
100,000
10,000
1,000
100
250
2,500
25,000
250,000
GDP per capita (2017 International $)
USA
UK
Nigeria
Cameroon
South Sudan
Niger

Source: Our World in Data based on BP & Shift Data Portal, World Bank (2021).

African population with access to electricity (%)

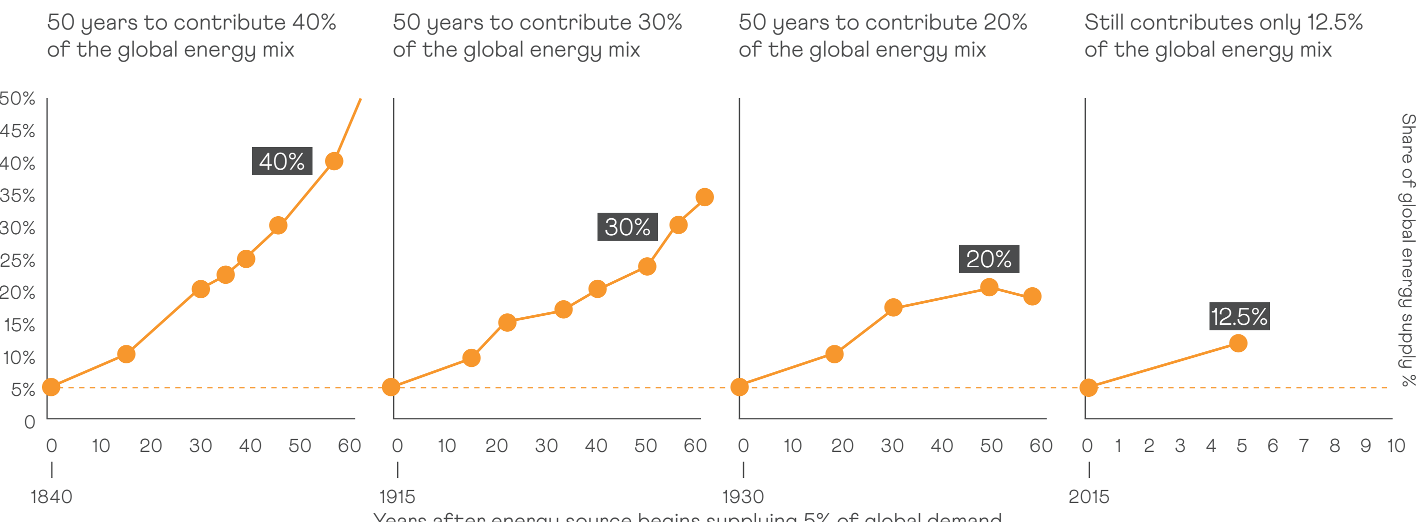
Population with access to electricity (%)

- 91–100%
- 61–90%
- 31–60%
- 16–30%
- 0–15%
- No data

Source: World Bank.

Energy transitions take (a lot of) time

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



Sources: Vaclav Smil. Modern renewables include: wind, solar, and modern biofuels; Bill Gates: How to Avoid a Climate Disaster, IEA.

How we see the African Energy Transition continued

While the pace of technological evolution and adoption may be argued to be generally faster today than in earlier periods, I believe that it is important to recognise that the global energy transition is likely to take a relatively long time. As demonstrated above, previous energy transitions have taken fifty plus years, and the modern renewable transition only began around 2015. Further, full displacement of the previous energy sources has not occurred in previous transitions (i.e. coal still provides approximately 26% of the global energy mix).

In this regard, when we look at the forecast future energy mix, there is currently a big difference between the trend case (i.e. what forecasters are suggesting will actually happen) versus the net zero 2050 case. Essentially the world appears to be on track to have around 52-54%[24] of its energy mix in 2050 to be provided by oil and gas, which, given likely energy demand growth over the course of the next 26 years, suggests that actual oil and gas demand is currently not on trend to fall significantly over the period.

The foregoing contrasts dramatically with the many net zero forecasts which generally see the total share of fossil fuel supply falling to just over 20% of the global energy mix by 2050[25].

Further, it is likely that lower income countries, where the ability to pay for renewable energy infrastructure is lowest and the need for low-priced energy to deliver life changing economic growth is highest, will see hydrocarbons form a much greater part of their energy mix in 2050 than in the developed world. This point is demonstrated well by the adjacent map. On average, only 57% of Africa's entire population has access to on-grid electricity (falling to 51% if South Africa, Egypt and Algeria are excluded), with the electricity access rate in our countries of active operations estimated at 65% for Cameroon, 19% for Niger and 60% for Nigeria. For much of Africa, the primary issue is around people being given access to reliable and affordable power, period.

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

Closing thoughts

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

2023 clearly demonstrated the robustness of our business model, corporate capacity and corporate infrastructure. Our core business continued to perform strongly, while we have progressed our projects in Niger during a period of political change, managed the impact of the nationalisation of our Chad Assets to ensure that we receive the value we are due, progressed two separate hydrocarbon acquisitions which are material to our business, continued to grow our renewable energy business and positioned ourselves strongly to announce and progress further new and exciting projects in 2024. We have invested heavily to create a growth and performance orientated pan-African company with a diversified asset base. In 2023 we clearly saw the benefits of this.

Lastly, I would like to express my gratitude to all those who contributed to our successes in 2023 - my incredibly dedicated and passionate colleagues, our host governments, communities, local authorities and regulators, our shareholders and lenders, and our customers, suppliers and partners. Thank you all.

Andrew Knott
Chief Executive Officer
6 June 2024

Featured article

Guest authored by Professor Stefan Dercon

Private investors and the gamble on growth and development in Africa

Professor Stefan Dercon, CMG

Professor of Economic Policy at the Blavatnik School of Government and the Department of Economics of the University of Oxford, and Director of the Centre for the Study of African Economies at the University of Oxford

Biography

Professor Stefan Dercon, CMG, is Professor of Economic Policy at the Blavatnik School of Government and the Department of Economics of the University of Oxford, and the Director of the Centre for the Study of African Economies at the University of Oxford. He combines his academic career with work as a policy adviser. Between 2011 and 2017, he was Chief Economist of the UK Department of International Development. Between 2020 and 2022, he was the Development Policy Adviser to successive Foreign Secretaries at the UK's Foreign Ministry.

His research interests concern what keeps some people and countries poor: the failures of markets, governments and politics, mainly in Africa and South Asia, and how to achieve change.

His latest book, "Gambling on Development: Why Some Countries Win and Others Lose", was published in 2022. It was selected as one of the best books in economics by the Financial Times, and referred to as an "urgent… and important book".

Please note that the opinions expressed in this section of the Annual Report are those of Professor Dercon. They do not purport to reflect the opinions or views of Savannah Energy.

Africa is the future of global growth

With risk comes opportunity. Mo Ibrahim, the Sudanese-British businessman and philanthropist put it well: "Africa is the future of global growth, and those who invest in Africa today will reap the benefits for years to come." (The Africa Report, 2021)[1]. With its young population and ample natural resources, there is little doubt that the potential is there. The most basic of economic insights tell us that with ample natural and human resources, unlocking that potential will require capital, a scarce commodity on the African continent. Private investors are key. But they will not part with their capital incognisant about risk.

The latest data on the fragility of states across the world, an index combining economic, social and political stability indicators, suggests that 13 of the 20 most fragile places in the world are in sub-Saharan Africa (Fund for Peace, 2023)[2]. The last year of the World Bank's Doing Business indicators, measuring things like business registration, regulations and contract enforcement, implied that of the 20 most difficult places to do business in across the world, 12 were in sub-Saharan Africa (World Bank, 2021)[3].

The failure in predicting failure

Fortunately, expert predictions of risk and failure are often not correct. The late Henry Kissinger, the former US Secretary of State, is said to have referred to Bangladesh as a "basket case" not long after the country had become independent in 1971. A famous economist, James Meade, writing in 1961, thought that Mauritius would find it very hard to develop, as it was an economy largely built and structured around sugar exports (Meade, 1961)[4]. In writings in the 1950s and 1960s, another economist, Gunnar Myrdal, wondered whether Indonesia could achieve economic growth, in particular in the face of entrenched political and economic elites leading to inefficiencies and corruption (Myrdal, 1956 and 1967)[5]. Both economists won Nobel Prizes in economics for the quality of

Featured article continued

Guest authored by Professor Stefan Dercon

Africa is the future of global growth, and those who invest in Africa today will reap the benefits for years to come."

Mo Ibrahim
Sudanese-British businessman and philanthropist

Table 1

Countries with the lowest score in the World Bank Doing Business Survey (2020)		Countries with the highest score on the Fund for Peace Fragile States Index (2023)	
Lowest	Somalia	**Highest**	Somalia
	Eritrea		Republic of Yemen
	Venezuela		South Sudan
	Republic of Yemen		Democratic Republic of the Congo
	Libya		Syrian Arab Republic
	South Sudan		Afghanistan
	Central African Republic		Sudan
	Democratic Republic of the Congo		Central African Republic
	Chad		Chad
	Timor-Leste		Haiti
	Republic of the Congo		Ethiopia
	Haiti		Myanmar
	Equatorial Guinea		Mali
	Angola		Guinea
	Syrian Arab Republic		Nigeria
	Liberia		Zimbabwe
	Guinea-Bissau		Libya
	Afghanistan		Ukraine
	Iraq		Eritrea
	Sudan		Burundi

The World Bank Doing Business Survey programme has been discontinued after a scandal involving data manipulation under political pressure for a relatively small number of countries. For the purposes of this article, none of this controversy is likely to have affected the scoring of the African countries listed here. Other ways of assessing fragility are available, but similar countries are ranked by others in the lowest group. For example, the OECD (2022) lists the 15 most fragile contexts, of which 10 are in sub-Saharan Africa.

their insights, and Kissinger the Nobel Peace Prize, but none won it for their predictive powers as reality proved their scepticism wrong. Between 1980 and 2020, with their economies growing at around 5% per year on average; Bangladesh, Mauritius and Indonesia almost quadrupled their GDP per capita[6 7]. Not quite Singapore (which grew at more than 6% per year) or China (with 9% per year growth in this period), but very impressive, nevertheless.

One could forgive those who subscribed to being sceptical about the prospects of Bangladesh, Mauritius or Indonesia in these periods given what they knew; in fact, in the subsequent years, there were enough grounds to remain concerned. In the years after its secession from Pakistan in 1971, Bangladesh experienced a dramatic famine, much political violence and instability, and poor economic decision making. Mauritius remained, for long after James Meade wrote, totally dependent on one commodity: sugar – within the decade after independence in 1968, sugar exports accounted for about 85% of total exports, with a seemingly stagnant economy controlled by a small colonial landed elite. In Indonesia, the army had engaged in a violent repression of suggested leftist sympathies leading to the killing of many hundreds of thousands of people, and deeply destabilising the rural economy, while in the 1970s becoming an economy seemingly largely dependent on oil.

Instability, conflict, and limited diversification of the economic base, often linked to a few commodities, are also the features characterising those economies that we tend to consider risky or difficult to do business in. At the same time, most if not all the countries appearing in Table 1 are countries that objectively speaking have a lot going for them: many have ample natural resources, and all have a young population and a small but growing educated and entrepreneurial middle class. The relative success of Indonesia or Bangladesh suggests that even with a recent history of conflict and instability, change is possible: even though they have had their problems in the last three decades or more, neither has descended back into their past deep rifts, but instead made steady economic and developmental progress. Limited diversification such as in Mauritius does not have to persist either – from an economy entirely dependent on sugar, it has evolved to a successful export-oriented economy based on processed agriculture, light manufacturing, tourism and financial services.

Even natural resource dependence does not need to trap countries for ever. Indonesia came out of conflict in the 1960s, and in the 1970s had an economy dominated by oil – by 1980, 26% of its GDP came from natural resources, virtually all oil[8]. Fast forward and these days Indonesia has greatly diversified its exports across basic and more advanced goods and services, including the reinvestment of early revenues into improving infrastructure, human capital and its investment environment[9].

Mascarene Islands, Africa - Harbour seen from Tombeau Bay, cargo terminal, Port Louis, Mauritius

Increasing differences

In contrast, across sub-Saharan Africa, economies are on average barely better off than 40 years ago (having grown by 0.2% per year per capita on average), and only slowly improving in the last 15 years (with growth of 1.2% per year). However, that is not universally the story across the continent; there are many countries that managed to do better. In the last 15 years before COVID-19, per capita growth rates in various countries accelerated – to between 3 and 4% per year per capita in countries like Côte d'Ivoire, Tanzania and Ghana, and even 7% per year in Ethiopia.

So what happened in countries like Mauritius, Bangladesh, and Indonesia that appeared to lay the foundation for longer-term growth; what happened to Ghana and Ethiopia to appear to lead to a growth acceleration, but that did not happen, at least seemingly for now, in other sub-Saharan African countries?

It is helpful first to start with qualifying a popular reason. It is often claimed that growth failure stems from not having the kind of institutions that are familiar to those investing in Western economies: a history of a fair rule of law, strong property rights, clear regulation, or limited corruption. Or a political system that mirrors that found in Britain, with democratic restraints on the economic power of politicians. Indeed, this appears to be the core thesis to explain success or failure of a well-known book on growth and development, "Why Nations Fail" (Acemoglu and Robinson, 2012)[10]. There is little doubt that these institutions have helped a great deal for European and North American economies to grow fast in the last century, and it may well be required for any country to achieve levels of economic development seen there. However, it is also true that some of the fastest growing economies in recent decades, such as China, India, Bangladesh, Indonesia or Ethiopia, did so without having these 'perfect' institutions in place. In fact, as seen from the archetypical perfection, they appear to have many features far away from this in terms of economic and other governance, with obscure regulation, corruption, or slow or failing courts to adjudicate disputes[11]. While no doubt coming at a cost for economic activity, this is also hopeful news for countries struggling to achieve the take-off of their economies: perfection is not quite necessary, and those currently with the power to make things happen do not need to be constrained by lack of perfections in the institutional development. The agency of the leaders and those around them matters: their actions can lead to success, even when institutions are still imperfect.

This central role for agency is not without bounds. When 20 years ago, the World Bank's Growth Commission studied those successful economies that had grown in the preceding decades at 7% or more for 30 years, it found that no single recipe was used but success was rather country specific (World Bank, 2008)[12]. They stated that "we don't know" the recipe for growth, but "we know the ingredients". And these ingredients include sensible matters: macroeconomic policies for stability, sufficient respect for the price mechanism and market incentives, and investing in infrastructure and human capital. Successful countries appear to have done so, but in varying degrees and with much variation. Again, it brings to the fore the agency of those who have the power to influence the economic direction of their countries by acting sensibly for the economy. Singapore or China hardly is an option for most African countries, but nevertheless, much better outcomes could be achieved by many more countries than at present. As I heard Donald Kabaruka, former President of the African Development Bank, say at an event at the 2023 Spring Meetings of the World Bank: "growth by African countries is a choice"[13].

"Growth by African countries is a choice."

Donald Kabaruka
Former President of the African Development Bank

Historical analysis

It may surprise to hear an argument that not all countries and their governments choose growth and development. Most commentators tend to forget that even in Europe or North America this is a relatively recent phenomenon. It took two world wars in the 20th century, and a deep economic crisis in between to crystallise a broad political consensus there that governments had a key role in driving growth and development through policy making. Think of the expansion of public infrastructure investments, regulation and competition policies, stronger legal systems, the emergence of public health services, and active monetary and fiscal policies.

In fact, it helps to think a bit deeper about what states are, and how they have emerged, including through history. A classic but insightful view for our purposes is that the state is a solution to the presence of violence: a deal between powerful groups to limit violence as a better way to capture "rents" from controlling society than through violence. Mancur

Featured article continued

Guest authored by Professor Stefan Dercon

Historical analysis continued

Lloyd Olson Jr., the American economist and political scientist, famously suggested that a state emerges when "roving bandits" turn into "stationary bandits" (Olsen, 1971)[14]. This may seem a cynical view, but it points to two closely related features: a state as source of peace and stability, and the state achieving this through a political and economic deal on who controls the state and how resources are generated and distributed, including through the economy. This deal is typically between "the elite" broadly defined, including key people in politics, either in government or opposition, in the military, in the senior ranks of the civil service, religious or traditional leaders, trade union or civil society leaders, senior journalists, academics and other opinion makers. The "elite" here is defined as all those with power and influence, so not just the president or military chief but also those public or non-public figures that can drive or stop change, one way or another.

The "Elite Bargain"

Any more or less stable state has at its foundation such a deal between its elite, rarely enshrined in a formal deal, but more an implicit understanding of 'how things are done' and 'for what purpose' in politics and the economy. This is often called an "elite bargain". It is helpful to recognise that Western societies also have these at their basis. So it meant that 19th century Britain was a stable state involving an implicit and evolving deal between an emerging bourgeoisie, industrialists and historical landed classes delivering both an industrial and agricultural revolution, but what happened to ordinary workers wasn't such a concern in their implicit deal on power in politics and the economy. The "robber barons" of late 19th century (industrialists such as Andrew Carnegie, Cornelius Vanderbilt or John D. Rockefeller) were allowed to accumulate wealth through ruthless, unethical, and often what now would be called corrupt and illegal practices. And today, elections in the United States, and, therefore, how the state is controlled, involve huge spending by big corporations and wealthy individuals in a quest for influence in ways that would not be allowed in most of Europe. Each of these examples offered 'stable' elite bargains – and involve a deal, an implicit understanding on how the state is controlled and the economy is allowed to function.

The developing world also has elite bargains underlying the stability of states. In my book "Gambling on Development", I give plenty of examples (Dercon, 2022)[15]. For example, Mobutu's Zaire (now the Democratic Republic of the Congo), was a state where being connected to the leadership and through it with access or control over the state organisations, meant a license to steal; a kleptocracy. It delivered stability for some decades, but in the end a persistently further impoverishing economy, and an increasingly high cost of loyalty led to its failure. Indeed, in the Democratic Republic of Congo and other highly fragile economies in the world, basic state formation is often fundamentally incomplete: there is not even a well-defined elite bargain on how the state and the economy's resources are controlled.

An elite bargain is also at the basis of the recent successful developing countries in economic terms, like Indonesia, Bangladesh, China, or Ethiopia. They were, however, more than just an economic and political deal to share rents, as part of generating peace and stability. The key to their success was that the underlying deal also involved a commitment to focus on growth and development: I call this a development bargain, an elite bargain with growth and development at its core.

Light Rail Transit, Jalan Rasuna Said, Jakarta, Indonesia

> "In Indonesia, President Suharto, but with the support of the main elite in the country and with an empowered set of technocrats, moved the economy gradually towards an export-oriented model, using the natural resource rents for infrastructure and with sensible macroeconomics."

In Indonesia, President Suharto, but with the support of the main elite in the country and with an empowered set of technocrats, moved the economy gradually towards an export-oriented economic model, using the natural resource rents for infrastructure and with sensible macroeconomics as well as measures including for agriculture leading to a broadly inclusive economy. This "elite bargain" not just for stability but also for growth and development persisted even through the "Asian crisis" period after 1997, when the economy contracted substantially. It was renewed in a more open and democratic way, but with a continuing model supportive of growth and inclusion. Strikingly, rent distribution through corruption has remained rife, but typically in ways within limits not to derail the fundamental progress in growth.

To be clear, the Indonesian elite did not become growth or development focused through some enlightened ideas. The promise of future profits from growth may well have played a role, but it would still have been a gamble, as history tells us that growth and development may shift elites. More likely this consensus emerged to seek legitimacy for Suharto's military regime tainted by the violent crisis of the 1960s as well as its disposal of the traditional elite leader, Sukarno, who had led the country to independence, and whose supporters also needed to be paid off. Similar legitimacy-seeking behaviour can be found in other countries that took the gamble on development, such as China in 1979, Bangladesh in the 1980s or Ethiopia in 2005.

The reformist group led by Deng Xiaoping in China explicitly saw a commitment to seek growth and food security as a means of retaining power by the Communist Party after the disruption of the 1960s and 1970s following the cultural revolution, the death of Mao and the struggles within the party. The key change was that, rather than running an economy based on ideology above all, China's policy makers became pragmatic focused on growth, as in Deng's famous saying, "It does not matter whether the cat is black or white, as long as it catches mice." In Bangladesh, the conflict, famine and political instability appears to have led to a consensus to abandon the idea of state-led development, and given the relatively incompetent state, by the 1980s it encouraged rather than stifled private firms, such as the nascent garment industry, now the leading export sector and employing up to 4 million people, mainly young women. It supported the economy through sensible macroeconomic and other economic policies and combined this with sensible health and social safety nets to a large part of the population, all with a clear shared commitment to achieve progress in growth and development. In Ethiopia, after conflict, political turmoil and failed elections in 2005, the leadership essentially committed

to seeking legitimacy through a strong focus on infrastructure-led growth and rural development at a large scale, leading to very fast growth and improvement of living conditions. It failed, however, to retain a stable political elite bargain between competing nationalities in the country, resulting in increasing instability and violent conflict in 2020-2022. That gamble for development did not quite succeed, as the basis for the elite bargain for peace and stability failed, even though it may well re-emerge.

What does this mean for the foreign investor?

As seen from investors' point of view, there may then well be different types of countries among those emerging and developing. First are countries with a stable elite bargain with a reasonably strong commitment to growth and development. Indonesia and much of Asia are in this group. There are plenty of them these days in Africa too, such as Ghana, Kenya, or Zambia. Nothing is perfect, but there is enough stability as well as commitment to growth for a stable and reasonably predictable private sector investment climate. Second is a set of countries where the elite bargain has broken down – as for example, in Sudan, making any investment tricky. Third is a more difficult group to judge: countries with much potential but with a history of fragility, often with valuable natural resources to invest in, and less clarity as to what the state of the elite bargain is, and whether it is committed to growth.

The latter comes with significant investment opportunities but also with considerable risks. Deals are possible in such settings even if none of these countries have the kind of rule of law, or governance of the public sector familiar to Western countries. However, they require nevertheless an approach to contracting that also extensively relies on building informal relationships and partnerships, outside formal processes, as contracts tend to be difficult to enforce. None of this is impossible: those in power also tend to have an interest in stability in their economies, and investment deals can also contribute to this.

None of this would be alien to investors: this is a high stakes game, and investors take a bet on high returns cognisant of the high risks in some settings. The nature of risk management is maybe less familiar. It requires not just an understanding of the project risks and of the evolution of markets, and more, but also demands a good understanding of the existing context, including of those who have power and influence beyond the formal power structures of governments, and of the nature, inclusiveness and stability of the current elite bargain. It will require investing in the informal networks and connections to help with knowledge and strategies that help to overcome the lack of reliable and fast formal enforcement mechanisms.

There is support available to manage risks further. One way is through international organisations such as the Multilateral Investment Guarantee Agency ("MIGA"), part of the World Bank Group and offering political and other non-commercial risk insurance to commercial investors. Working with and seeking co-investment from development finance institutions is also possible, such as the World Bank's International Finance Institution or those of various Western governments, such as the UK's British International Investment.

> "Foreign direct investment ("FDI") and other private investment can also be catalysts for change."

Foreign direct investment ("FDI") and other private investment can also be catalysts for change, when done carefully. They can help those in powerful positions, keen for change to take place, prove to their populations, to future investors, and others in privileged positions that taking the gambles required for stable elite bargains committed to growth and development can pay off. In Indonesia, from the 1970s, Japanese FDI, and the firms that linked with them, showed local elites that there were other ways than rent-seeking and privilege to get rich. In Vietnam, from the 1990s, FDI brought capability but also helped a government that sought legitimacy through sensible development policies to have the required resources to invest in health or education. The FDI-led economic success put Vietnam on a road towards a remarkable transformation. In Bangladesh, it was not FDI, but international buyers of garments and textiles that helped local capital to build a successful garment export sector, the key engine of Bangladesh's growth success. Most strikingly, the success from exporting also locked an elite into sensible economic policies, as the benefits from a growing economy were also visible to them, and it created strong incentives for sensible economic policies, such as a competitive exchange rate, helping to perpetuate the gains. It also fuelled impressive female emancipation, with growing labour force participation and empowerment through employment in the garment sector, leading to girls scoring better in health and education than boys.

It is no doubt a challenge when the country has natural resources that appear to remove the need to growth for an elite to capture considerable rents. However, even countries with natural resources such as Indonesia have shown that they can provide the basis for progress in growth and development, even if at first it may not have looked liked this. Predictions of failure have been proven to be wrong: going back in time, Bangladesh or Indonesia have shown that countries currently fragile and without a stable elite bargain, as well as those focusing only on rent capture, can change.

Overall, it requires the investor not simply to be well-aware of what it is stepping into. More is then expected. It requires a deeper understanding of the context one works in, and to genuinely consider the likely impact of investments on the broader economy, society, and politics.

Natural resources can provide the basis to develop a broadly inclusive economy. For that, though, there is a need for the type of "elite bargain" between those with power and influence in the country that provides the foundation for a stable state with growth and development at its core. Country leaders can signal a willingness to focus on growth and development by inviting quality foreign direct investors that set high standards for themselves. Governments should bargain hard, but fairly and squarely in the interest of the country. They should strive for legitimacy, transparency and accountability in contracting, and work with trusted international partners, reducing the risks involved for all. The prize for all is higher returns for investors and countries alike.

Featured article

Guest authored by Johan Norberg

Unlocking Africa's future: harnessing free markets and fostering entrepreneurship

Johan Norberg
Author, lecturer, documentary filmmaker and Senior Fellow at the Cato Institute, Washington D.C.

Biography

Johan Norberg is an author, lecturer and documentary filmmaker, born in Sweden. He is a Senior Fellow at the Cato Institute in Washington D.C. He received his M. A. in the History of Ideas from the University of Stockholm.

He has written books on a broad range of topics, including global economics and popular science. His In Defence of Global Capitalism has been published in more than 25 countries. Progress: Ten Reasons to Look Forward to the Future, was called "a blast of good sense" by The Economist, and a "book of the year" in The Guardian, The Economist and The Observer. His latest book, The Capitalist Manifesto, was described by Elon Musk as "an excellent explanation of why capitalism is not just successful, but morally right". Norberg regularly hosts documentaries on development and economics for American public television, including Free or Equal?, Economic Freedom in Action, Power to the People and The Real Adam Smith.

For his work, Norberg has received several awards, including the Distinguished Sir Antony Fisher Memorial Award from the Atlas Foundation, the Walter Judd Freedom Award, the Julian Simon Memorial Award and the gold medal from the German Hayek Stiftung, that year shared with Margaret Thatcher.

Please note that the opinions expressed in this section of the Annual Report are those of Johan Norberg. They do not purport to reflect the opinions or views of Savannah Energy.

This should be Africa's moment

While the rest of the world is ageing, Africa's population is increasing at the same time as fertility rates are declining fast. This creates the chance for a demographic dividend in the decades to come, with a large working population and relatively fewer children and older dependents. This will expand the workforce just as other continents are facing shortages, and so should create opportunities for investments and exports. Where else should capital go when opportunities are exhausted elsewhere?

Wages are increasing fast in many Asian exporting power houses and tensions between the US and China might create opportunities for those who stand outside. African countries that develop a welcoming business climate should be in a good position to attract investments that would stimulate both manufacturing sectors and advanced services. The potential for catch-up growth is huge, as local agriculture as well as factories and offices could be radically upgraded with better organisation and relatively cheap technologies.

The continent's ample supply of metals and minerals are more attractive than ever to a world in the midst of a green transition, and its supply of hydrocarbons and reliable place in the sun holds several of the keys to dealing with our climate challenges.

Africa is in a formidable position. But that is not enough. There have been false starts before.

Beijing, capital city of China

> "As late as 1992, poverty rates were higher in East Asia than in sub-Saharan Africa. It wasn't Asians that changed, but Asian institutions. One by one, East Asian countries turned towards sound macroeconomics, secure property rights, free enterprise and embraced international trade, both within and outside the region."

Lost promises

In 1968, the Swedish economist and Nobel laureate Gunnar Myrdal wrote a monumental work about why Asia would stay poor. It had problematic cultural baggage, overpopulation, war and "soft states" that couldn't intervene in the economy to the extent needed. Africa, by contrast, seemed much more hopeful, with strong, interventionist governments and an endless supply of natural resources. In 1967, the World Bank's Chief Economist listed seven African economies that he thought would grow by more than 7% annually[1].

But then something went spectacularly wrong. 30 years later, two other World Bank economists observed that these seven hopeful countries had registered negative growth since they were designated as promises[2]. East Asia, meanwhile, experienced explosive growth.

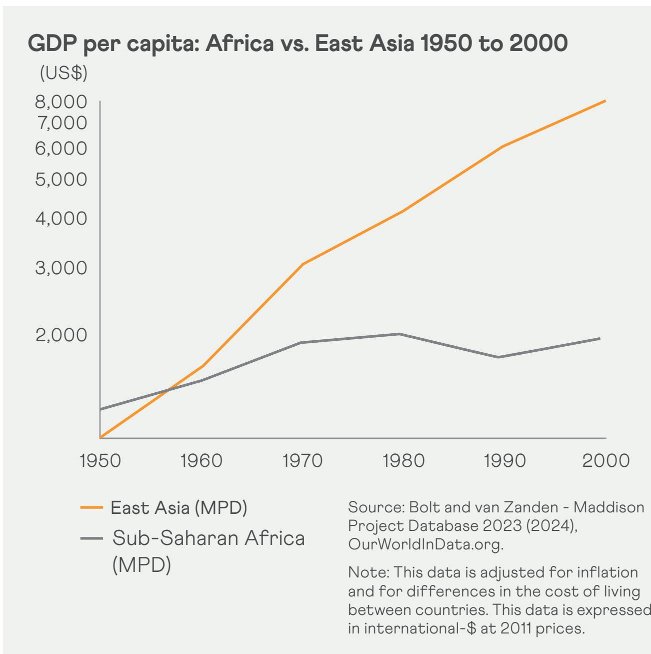
Between 1950 and 2000, average GDP per capita in sub-Saharan Africa increased only from US$1,323 to US$1,981 in 2011 Dollars, adjusted for purchasing power, while East Asia grew from US$1,122 to US$8,164. Africa's level of income went from around 40% of the world average to just 20%[3].

In 1950, Nigeria and Kenya were as rich as Taiwan and South Korea, but in 2000, Taiwan and South Korea were 12 times richer. Singapore was roughly on a par with Mozambique. In 2000, Singapore was 32 times richer. And then of course, India, China, Vietnam, Thailand, Bangladesh and Indonesia began following the East Asian tigers in their path.

During the era of globalisation, growth in low- and middle-income countries that have integrated into the global economy has been so strong that extreme poverty in East Asia, South Asia, Latin America and the Middle East today is actually lower today than it was in Western Europe in 1960, a time remembered in Europe as the post-war boom. The only region where poverty is higher today than in 1960s Europe is sub-Saharan Africa[4].

What went wrong? "Culture" is the last refuge of economists who have run out of explanations. But cultural explanations of wealth and poverty neglects that cultures are complex entities and we emphasise different parts of it depending on what societies and governments encourages and penalises. The culture that supposedly stopped Asia from growing in the 1960s is now often used to explain why it now prospers. It is difficult to remember today, but as late as 1992, poverty rates were higher in East Asia than in sub-Saharan Africa. It wasn't Asians that changed, but Asian institutions. One by one, East Asian countries turned towards sound macroeconomics, secure property rights, free enterprise and embraced international trade, both within and outside the region.

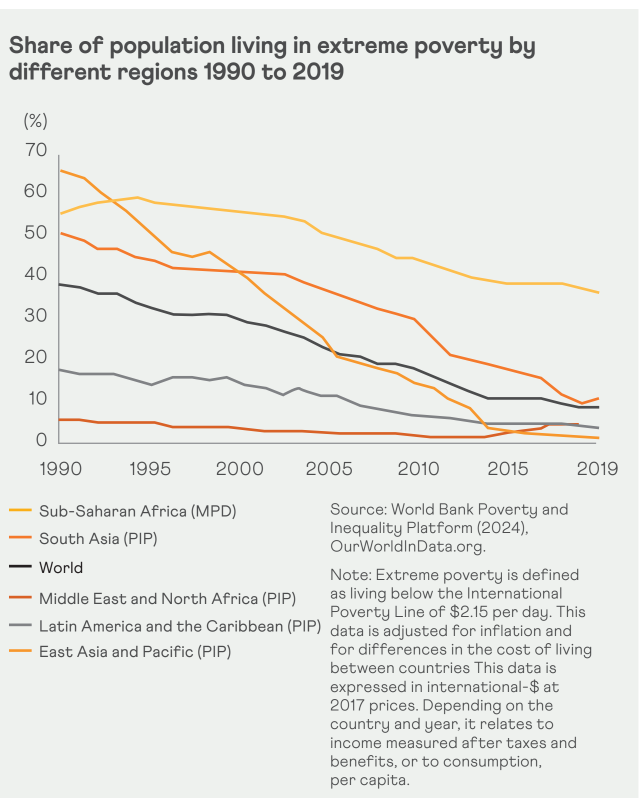
GDP per capita: Africa vs. East Asia 1950 to 2000



Source: Bolt and van Zanden - Maddison Project Database 2023 (2024), OurWorldInData.org.

Note: This data is adjusted for inflation and for differences in the cost of living between countries. This data is expressed in international-$ at 2011 prices.

Share of population living in extreme poverty by different regions 1990 to 2019



Source: World Bank Poverty and Inequality Platform (2024), OurWorldInData.org.

Note: Extreme poverty is defined as living below the International Poverty Line of $2.15 per day. This data is adjusted for inflation and for differences in the cost of living between countries This data is expressed in international-$ at 2017 prices. Depending on the country and year, it relates to income measured after taxes and benefits, or to consumption, per capita.

Featured article continued

Guest authored by Johan Norberg

Lost promises continued

Many used to think, like the rock star and activist Bono, that it was simply a matter of too little redistribution. Perhaps African countries just needed large-scale foreign aid to get the growth process going. However, many of these governments have made hundreds of billions of Dollars on oil, minerals and crops, while simultaneously their populations got poorer. It shows that it is not just capital, but its productive use that is lacking.

If all conditions for growth other than capital is present, capital will soon be generated, locally or through international investment on purely commercial terms. However, if those conditions are not present, capital will be unproductive and ineffective.

Since 1960, Africa has received massive amounts of foreign aid, but despite local success stories, especially on targeted health problems, it did not fulfil its growth promise. In fact, there is a negative correlation between aid received and subsequent growth, according to Nobel laureate Angus Deaton[5]. Some of this is probably just because more aid was given to the most distressed countries, but it establishes that aid did not provide the capital needed for development.

Bono has recently talked about how his charity work in many African countries has forced him to reconsider all his presumptions about development:

"I ended up as an activist in a very different place from where I started. I thought that if we just redistributed resources, then we could solve every problem. I now know that's not true. There's a funny moment when you realise that as an activist: the off-ramp out of extreme poverty is, ugh, commerce; it's entrepreneurial capitalism."

He seems almost startled by his own conclusion: "Rock star preaches capitalism. Shocker. Wow. Sometimes I hear myself and I just can't believe it. But commerce is real… Aid is just a stopgap. Commerce, entrepreneurial capitalism takes more people out of poverty than aid."[6]

Believe it we should. Bono's music might be less innovative today than in the 1980s, but his views are far more realistic. Entrepreneurial capitalism, private investment and the ability to participate in trade is exactly what Africa has been excluded from all these years.

Or as, Uganda's president Yoweri Museveni has formulated it: "We Africans are no longer looking for handouts. Rather, we are asking for the opportunity to compete, to sell our goods in Western markets, to be considered for private investment funds, and to participate more fully in the global trading system. In short, we want to trade our way out of poverty."[7]

"Rock star preaches capitalism. Shocker. Wow. Sometimes I hear myself and I just can't believe it. But commerce is real… Aid is just a stopgap. Commerce, entrepreneurial capitalism takes more people out of poverty than aid."

Bono
Irish singer-songwriter and activist

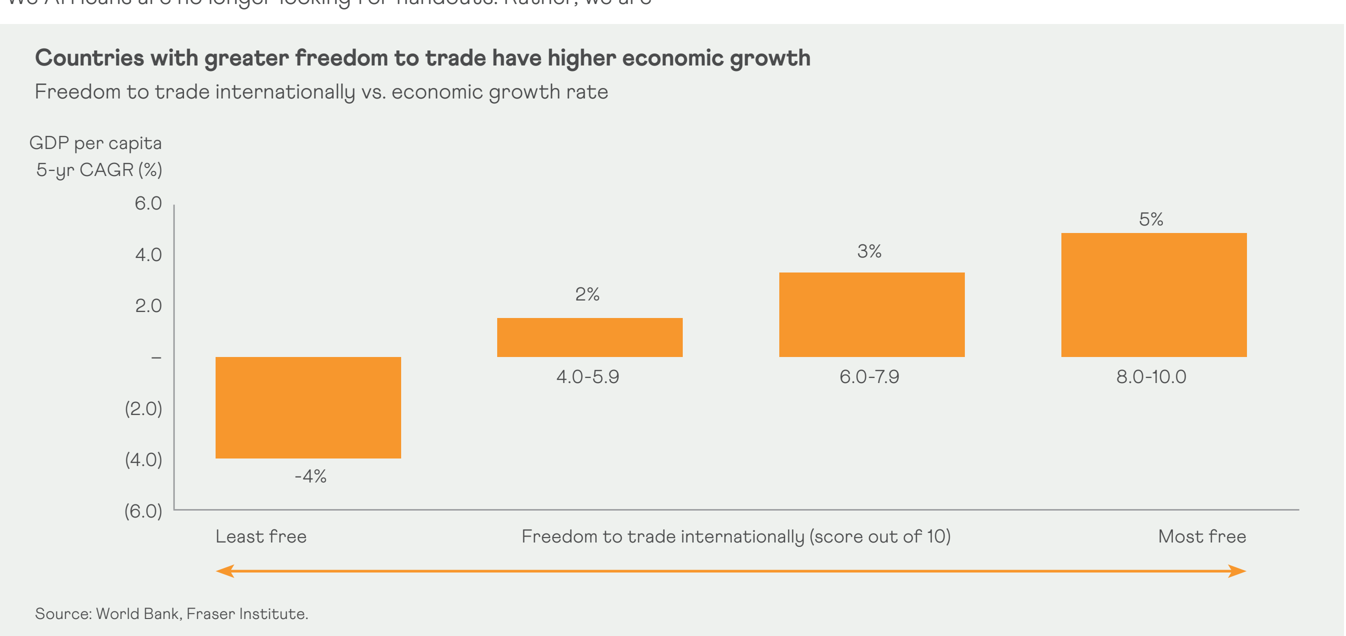
Obstacles on their way

As the Ghanaian economist George Ayittey has shown, there is a strong African tradition of private property and markets with prices set by supply and demand. Historically, most parts of the continent were integrated into vast trade networks where merchants, goods and currencies moved about relatively freely.

The era of colonisation created centralised structures, which isolated economies from each other. After de-colonisation, countries inherited these structures, which often resulted in farming, investment and trade being undermined by erratic confiscations, command economics and price controls.

Countries with greater freedom to trade have higher economic growth

Freedom to trade internationally vs. economic growth rate



Source: World Bank, Fraser Institute.

"We Africans are no longer looking for handouts. Rather, we are asking for the opportunity to compete, to sell our goods in Western markets, to be considered for private investment funds, and to participate more fully in the global trading system. In short, we want to trade our way out of poverty."

HE Yoweri Museveni
President of Uganda

Under such institutions, the natural resource wealth benefited rulers but often impoverished populations, while rich countries often compounded the problem by shutting their borders to their exports, and subsidising its own farmers, to stifle the competition.

It was not any inherited culture that made people less interested in investing, taking risks and co-operating with strangers for a potential future reward, but the fact that they couldn't be certain that the government would uphold contracts, or that a more well-connected person would not take their land or business once they had invested heavily in it.

When I walk around the muddy paths of the slums of Kibera in Nairobi I don't see passivity, but hard work and entrepreneurship. The streets are thronging with young people selling food, clothes and gadgets. There is activity and energy, but unfortunately much of it has to be devoted to avoiding regulation and dealing with the legal vacuum of the informal sector.

On one corner, I meet Pamela at her food stall. To get a permit to sell her food legally she would have needed the signatures of several different bureaucrats and that would have cost her half a year's income in official fees – not to mention the cost of bribes.

Since Pamela doesn't have a license, she can't get a loan and can't expand her business. It's dangerous to trade with strangers, since she can't go to the police if contracts are broken. Since she works outside the law, the authorities can demand bribes to leave her alone. The despondent joke in Kibera is that it is dangerous to carry large amounts of cash – because there are too many policemen.

The underground entrepreneur sticks to what is known to her – the old neighbourhood, the same group of customers and the traditional line of business.

The Senegalese entrepreneur Magatte Wade has documented the Kafkaesque regulations of business, employment and trade she has to go through to set up a formal business in her own and many other African countries. Excess bureaucracy and selective enforcement force entrepreneurs to stay small while turning corruption into big business. As she implies, when you look at all the bureaucratic hoops entrepreneurs have to jump through, the mystery is no longer why Africa has so little formal business, but why it has as much as it does.

Sub-Saharan Africa has just seven countries among the top 100 countries of ease of doing business, according to the World Bank. There are more African countries in the bottom 20 – no less than 12! The continent underperforms the most in registering property and trading across borders. While almost all high-income countries make electronic filing or payment of taxes possible, just 17% of African economies do, creating more work for entrepreneurs, and often even forcing them to hand in documents in person[8].

The International Property Rights Index puts the continent last in terms of protection of property, at just 4 out of 10, compared to over 7 in North America and Europe and 5.8 in East and South Asia[9]. This seems almost designed to deter business and scare away foreign investment.

When the British journalist Robert Guest hitched a ride with a truck in Cameroon delivering beer from the brewery to a town 500 km away, they were stopped no fewer than 47 times by policemen looking for any kind of error in the driver's permit papers to extort cash. One of them even made up a law on the spot that trucks can't have passengers, unless they paid extra.

Because of such obstacles, tariffs and non-tariff barriers, sending goods across an African border is often more costly than sending it all the way from there to the UK or Hong Kong, estimates Alexander Hammond, founder of the Initiative for African Trade and Prosperity. Combined with underdeveloped infrastructure, this goes a long way to explaining why trade within and between African countries is diminishingly small compared to other regions.

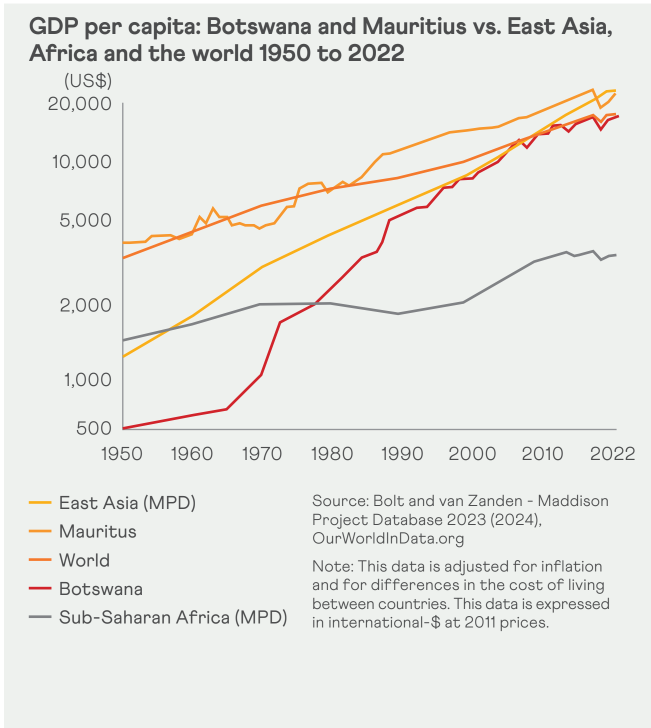
Market stall for food in Kibera, Nairobi

Featured article continued

Guest authored by Johan Norberg

Success stories

What would Africans be able to accomplish if they were not constantly harassed on their way to market? Great things. We know this, since the African countries that have experimented with rule of law and free markets for a long time have done remarkably well.



One of the most successful economies on the planet in recent history is in fact a southern African country, Botswana. After independence it developed democracy, independent courts and free enterprise. During the 40 years after 1960, the Asian tigers and China grew annually between 5.2 and 5.8% per capita. Botswana grew by an astonishing 6.4% on average – more than 10 times faster than the world average. Since 1985, extreme poverty has declined from 42 to 15%.

> “If sub-Saharan Africa could repeat Botswana’s achievements against poverty since 1985, extreme poverty would be reduced by 230 million people.”

Some say it’s because of Botswana’s diamond industry, but many African countries have natural riches, and it often led to conflict and stagnation. What distinguishes Botswana is not the resources but the fact that it did not nationalise them, and instead created a stable regulatory framework that attracted foreign investment.

Another African country has had a high degree of economic freedom for a long time: Mauritius. In 1961, the Nobel laureate James Meade predicted that in such a small country, with ethnic divisions, without natural resources and dependent on a single commodity (sugar), the “outlook for peaceful development is weak.”

Gaborone, capital city of Botswana

But precisely because Mauritius was so small, it realized early on that it could not do without world trade, and the economy was opened in the early 1970s. The country introduced export-processing zones where a textile industry could expand, and the economy has continued to diversify with a modern service sector.

After uninterrupted high growth, Mauritius was classified by the World Bank as a high-income country in 2019. Due to the impact of the pandemic, it slipped back to upper-middle status, but will probably soon be back. Today, Mauritius and Botswana have GDP per capita similar to a EU country like Bulgaria.

Recently, many African countries have learned from such successes and made reforms to establish at least some degree of markets and macroeconomic stability. Economic freedom has grown in the last two decades and median growth per capita also increased from 0.2% in the 1980s and 1990s to 1.6% in 2000–19. Extreme poverty in sub-Saharan Africa has decreased from almost 60% in the mid-1990s to around 35%, a major achievement, even though population growth means that the absolute number of poor has increased by 60 million[10].

Now, increasingly, you come across examples of entrepreneurs whose hard work is not wasted. Sylvia Banda from Zambia always had ideas and ambitions. When she was 12 she started making fritters and took them to school and sold them to her friends. After working her way through college, she started a one-room restaurant with furniture she got from a local carpenter in exchange for providing him with three meals a day.

Sylvia’s cooking became popular and soon she had 16 restaurants in Lusaka. She expanded into catering, then a school for restaurant staff and eventually large-scale processing and distribution of foodstuff. At every step, she has added value and created employment. In 2001, her empowerment through business reached a symbolic mark: she hired her husband, Hector, in what is now one the biggest food service companies in the region. “She made me an offer I couldn’t refuse!”, Hector says smilingly.

Ghana has attracted car-assembly plants from industry leaders like Volkswagen, Peugeot, Toyota and Nissan with business-friendly policies, for example tariff-free imports of inputs and machinery. Rwanda has acquired a reputation as hospitable to foreign direct investment with tax and tariff reductions, no restrictions on foreign ownership and a very open visa regime. Uganda has managed to develop service sectors like finance, telecommunications and transport.

Nigeria's music, film and print industries are prospering.

Here and in many other countries, it is telling that many "industries without smokestacks" are doing well, like business services, and information and communications technology. However, when governments intervene with unpredictable regulations, import barriers or subsidies to particular businesses, it distorts the market and makes life difficult for entrepreneurs and investors.

What should be done?

Africa is in a formidable position. But that is not enough. Without opportunities and jobs, a youth bulge can easily turn a demographic dividend into a source of instability and violence. Without predictable politics and rule of law, resource wealth can once again become a cause of conflict. If this is to be Africa's moment, the continent has to build on its success stories and remove obstacles to new ones.

Further expansion takes educated workers, access to credit and reliable power. The cost to obtain a permanent electrical connection in sub-Saharan Africa is three times higher than the world average, and more than 50 times higher than in high-income countries[11]. Unreliable power also comes at a high cost when machinery and servers are constantly interrupted. A 1% increase in outages in a country reduces long-run GDP per capita by almost 3% on average[12].

Ibom Power Station, Nigeria

> "Unreliable power also comes at a high cost when machinery and servers are constantly interrupted. A 1% increase in outages in a country reduces long-run GDP per capita by almost 3% on average."

One hopeful development is the creation of the African Continental Free Trade Area ("AfCFTA") of 55 African states. The potential of an agreement that would abolish tariffs on most goods and services over a period of 5, 10 or 13 years, depending on the country's stage of development, is huge. It could double intra-regional trade and would spur specialisation, competition and economies of scale across the continent.

It would attract foreign investors as they would no longer have to worry about a patchwork of opaque rules and tariffs. A realised customs union would join these diverse economies into the world's sixth biggest economy. The World Bank estimates that full implementation of the AfCFTA would boost GDP by almost half a trillion Dollars within 15 years and reduce poverty by 50 million people[13]. This would facilitate the process of being included in regional and global supply chains, a rapid path to productivity and diversification.

But globalisation, like charity, begins at home. Many African economies have huge domestic markets. A country like Nigeria has a population of roughly 220 million, more than half of whom are between 15 and 64. This is a huge consumer market and a great source of talent. If the private sector is allowed to build new companies in diverse sectors this could deepen the internal specialisation and so give many more a place in the economy, and spur consumption.

Foreign investment contributes to more productive and higher-paying jobs, but in the long run, their most important effect is the transfer of know-how to the local economy. The IMF estimates that knowledge flows from abroad contributed twice as much to productivity growth in emerging economies as domestic R&D does, concluding that "globalisation has intensified the diffusion of knowledge and technology across borders"[14].

If African countries can tap into this, the most valuable consequence is that the workers and partners involved will soon leave and start their own domestic businesses, combining what they have learned there and the connections made with their local knowledge and individual creativity. The physical and digital infrastructure that was upgraded for a particular sector can then be exploited for a wide variety of future and now unforeseeable businesses and exports. This is the real prize.

On a trip to Kenya, I once met a young businesswoman, June Arunga, who explained that the biggest problem with a lack of economic freedom was not that it deprives businesses of incomes and profits, but that it deprives people of the opportunity to make use of their minds, to improve their situations through their own energy and intellect. "Protectionism and privilege perpetuate not only economic bankruptcy, but stagnation of intellect, courage, character, will, determination, and faith in ourselves."

The track record of free market capitalism globally is spectacular. Wherever people have had the freedom to experiment with new methods and markets, they have created unprecedented growth. Currently, weak rule of law, insecure property rights, and excessive red tape hinder this potential in many African countries. Remove the obstacles in their way, and Africans can finally move forward.

Imagine a billion young people, each with unique ambitions and ideas. If liberated from control and given access to knowledge and markets, they can innovate new solutions to local problems, develop new business models, and create technologies beyond our current imagination. They are the ones who could turn the 21st century into Africa's century.

Children of the Nganha District, close to Savannah's Bini a Warak project site, Cameroon

Creating value for stakeholders

Our resources and relationships

Investors

57%

Top 10 institutional investors hold 57% of total shares outstanding[1].

US$581m

Total debt being provided by a group of 10 lenders, plus a listed bond.

Assets

US$1.5bn

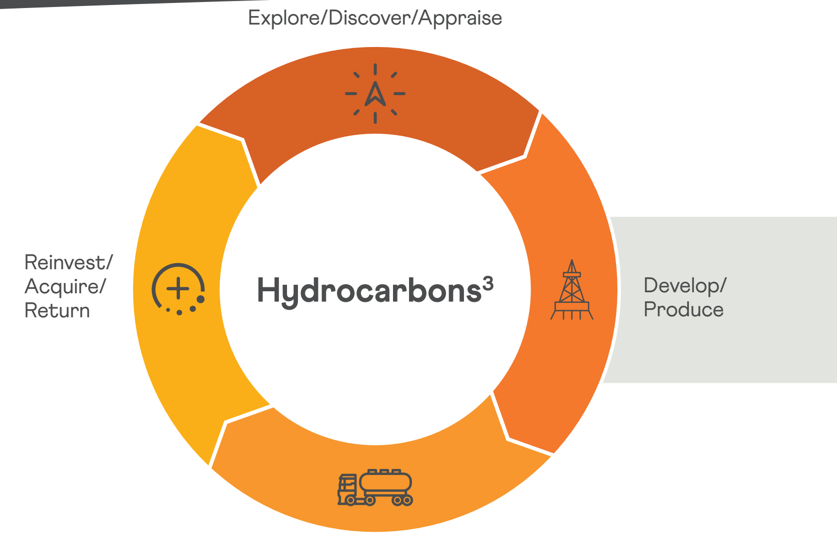
Total Group assets

- Combined net 2P Reserves and 2C Resources of 157.6 MMboe with a reserve life of 25.8 years.
- Two producing oil and gas fields in Nigeria with 23.6 Kboepd average gross daily production in 2023.
- Nigerian midstream gas business comprising central gas processing facility with 200 MMscfpd nameplate production capacity and c. 260 km gas transportation and distribution network.
- Five undeveloped discoveries in Niger, plus a total of 146 further potential exploration targets.

People[2]

276

What we do



Hydrocarbons

Explore/Discover/Appraise

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

Develop/Produce

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

Process/Transport/Sell

We invest in infrastructure to process and transport produced hydrocarbons to end customers.

Reinvest/Acquire/Return

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

Our values

Develop

Construct

Renewables[3]

Reinvest/
Acquire/
Return

Operate

Renewables

Develop

We carry out greenfield development by identifying suitable project sites, undertaking resource assessments and obtaining the necessary authorisations. Preliminary engineering is then carried out alongside environmental and social impact studies. We enter into long-term power purchase agreements and construction contracts and then procure project financing.

Construct

We construct power generation facilities along with the associated infrastructure required to connect to the electricity grid.

Operate

We manage the operational phase which involves the technical and commercial management of the project, with a focus on continued optimisation of energy production.

Reinvest/Acquire/Return

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

The value we create for our stakeholders

Our people

- Our people received a total of 15,858 hours of training in 2023, equating to an average of 57 hours per employee.
- In 2023, we recorded zero LTIR and zero TRIR per 200,000 working hours.
- Two million working hours without an LTI since 1 January 2023, achieved post-year end on 3 May 2024.

Our host countries and communities

- We supply gas to enable approximately 20% of Nigeria's thermal power generation capacity.
- US$1.7 billion[4] investment in Nigeria and Niger assets since 2014.
- US$733 million Total Contributions[(d)] to Nigeria and Niger since 2014.
- Up to 696 MW of renewable energy projects currently in motion.

Governments, local authorities and regulators

- US$218 million of payments to governments in Nigeria and Niger since 2014[5].

Our shareholders and lenders

- Operating profit of US$137 million in FY 2023.

Our customers, suppliers and partners

- New and extended GSAs during 2023, including a new GSA with Shell Nigeria Gas Limited and contract extensions with Central Horizon Gas Company Limited, First Independent Power Limited, Notore Chemical Industries PLC and Shell Petroleum Development Company of Nigeria Limited for a total of up to 101 MMscfpd.
- Our suppliers in Nigeria include AMOCON, whereby our Accugas subsidiary agreed a 10-year contract to 2033 to purchase up to 20 MMscfpd of gas for onward sale to Accugas customers.
- Successful ongoing partnership with AIIM, a leading Africa-focused private equity firm.

Strategic objectives and KPIs

Deliver value safely and sustainably

2023 KPIs

- Operate safely and in an environmentally appropriate manner.
- Maintain social licence to operate.
- Maintain investment in the training and development of our people to support our medium and long-term growth plans.
- Publish disclosure reports for our chosen ESG standards.

2023 performance

- A zero LTIR (2022: 0.34) and a zero TRIR (2022: 0.68) per 200,000 working hours.
- Total Contributions[(d)] to host country stakeholders (governments, employees and suppliers) of US$52.0 million (2022: US$56.9 million).
- Increased training for all employees across the Group. Training hours rose to 57 hours per employee in 2023 from 46 hours per employee in 2022, representing a 24% increase. Overall, employees were offered 15,858 hours of training in 2023, a 24% increase from the previous year.
- Published our maiden sustainability disclosure reports for TCFD and SASB during 2023. Published our maiden GRI disclosure report post-year end in May 2024. Our maiden UN SDG disclosure report and our updated TCFD report are provided within this Annual Report.

2024 KPIs

- Operate safely and in an environmentally appropriate and security aware manner.
- Maintain social licence to operate.
- Maintain investment in the training and development of our people to support our medium and long-term growth plans.
- Publish disclosure reports for our chosen ESG standards.

Key risks links

Above: Michael Akpan, Mechanical Lead, Savannah's Uquo CPF, Nigeria

Optimise existing portfolio performance

2023 KPIs

- Progress the compression project in Nigeria for completion in 2024.
- Maintain gas production capacity in Nigeria at required levels.

2023 performance

- Compression project in Nigeria on plan, with equipment in country and site works undertaken and on track for completion in 2024.
- Gas delivery successfully maintained to meet commitments under gas sales agreements.
- Purchase and onward sale of third-party gas for the first time in 2023.

2024 KPIs

- Complete the compression project in Nigeria.
- Maintain gas production and export capacity in Nigeria sufficient to meet required levels.

Key risks links

Above right: Emeka Okoye, Construction Manager, Engineering, Technical & Projects (Uquo Gas Compression Project) with external contractors, Savannah's Uquo CPF, Nigeria

Deliver organic growth

2023 KPIs

- Reach up to 1 GW+ of renewable energy projects in motion.
- Commence the R3 East well testing programme in Niger.

2023 performance

- As at 31 December 2023, up to 696 MW of renewable energy projects in motion1.
- R3 East well testing programme delayed by logistical challenges following political events in country, particularly impacting the import of equipment into Niger. Now planned for Q4 2024.
- Signed 10-year agreement with Amalgamated Oil Company Nigeria Limited ("AMOCON") to purchase up to 20 MMscfpd of gas for onward sale to our gas customers. Represents our first agreement to purchase, transport and onward sell third-party gas.

2024 KPIs

- Reach up to 1 GW+ of renewable energy projects in motion by year end.
- Commence the R3 East flow testing programme in Niger.

Key risks links

Above: A visual representation of Savannah's proposed Parc Eolien de la Tarka wind farm project, Niger

Deliver value accretive inorganic growth

2023 KPIs

- Deliver at least one significant M&A opportunity.
- Completion of the acquisition of the South Sudan Assets.

2023 performance

- Significant work undertaken in 2023 towards completion of the acquisition of the South Sudan Assets with all integration workstreams progressed.
- Post-year end on 19 March 2024 announcement to acquire 100% of the outstanding share capital of SIPEC, consolidating our interest in the Stubb Creek Field.

2024 KPIs

- Deliver at least one significant M&A opportunity.
- Complete the South Sudan Acquisition and the SIPEC Acquisition.

Key risks links

Above: Gas pressure valve at Savannah's Stubb Creek EPF, Nigeria

Maintain financial strength and flexibility

2023 KPIs

- Refinance the Accugas debt facility.
- Deliver Group financial guidance for FY 2023.
- Articulate corporate strategy.

2023 performance

- Accugas signed a Naira denominated debt facility (the "Transitional Facility") with a consortium of five Nigerian lenders post-year end in January 2024.
- Financial guidance met or exceeded for 2023.
- Hydrocarbon and renewable energy strategy articulated in the 2023 Annual Report and Accounts.

2024 KPIs

- Redenomination of Accugas debt from US$ to Naira completed.
- Deliver financial guidance for 2024.

Key risks links

Above: Canary Wharf, London

2023 performance vs. financial guidance

Total Revenues[a] (US$m) **+11%**

Actual	260.9
Guidance	235.0

Group operating expenses plus administrative expenses[f] (US$m) **-8%**

Actual	68.8
Guidance	<75

Capital expenditure (cash) (US$m) **-56%**

Actual	13
Guidance	<30

Key risk legend

1. Country
2. Acquisitions
3. Reserves and Resources
4. Exploration and appraisal
5. Industrial action
6. Supply interruption
7. Foreign exchange
8. Gas sales agreements
9. Liquidity
10. Ethical conduct
11. HSE&S and our social "licence to operate"
12. Cyber security and data protection
13. ESG and climate change
14. Organisation
15. Capital projects

We aim to build and maintain strong relationships with our key stakeholders

Section 172 statement

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

Acting in a fair and responsible manner is a core element of our business practice.

Read more in our Sustainability Review on page 66

Read more information on how the Board works and makes decisions on page 112

Our people

As of 31 December 2023, we employed 276[1] people across the Group. Our employees bring a broad range of experience, expertise and perspective to Savannah that contributes to our collective values and culture, and is essential to the delivery of our strategic objectives. We recognise that our employees are the cornerstone of our business. We engage with our employees in a variety of ways to ensure that they are well informed, motivated and appropriately developed to execute our strategy such that we are able to deliver on the long-term goals of the business.

How we engage

We have an open, collaborative and inclusive management structure and engage regularly with our employees. We do this through a variety of methods, including a performance management process with structured career conversations, regular internal announcements, town hall sessions, screensavers, employee surveys, our corporate intranet site, Company presentations, team away days and our training programmes. During 2023 we introduced a range of new initiatives, such as the "Knowledge Exchange", the Savannah Book Club, the "Learning Log" and the "Sparks Programme" designed to foster engagement and promote collaboration and knowledge sharing. We also launched our refreshed corporate intranet site in November 2023, designed to be a more streamlined and informative resource for employees. Post-year end in January 2024, we launched the "Centre for New Ideas" initiative, designed to unlock employees' creative potential and help shape the future of Savannah.

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

The key material issues for our people are that Savannah:

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

Outcomes

The Company's new initiatives have been instrumental in charting a strategic course to support, inform and motivate our employees in a fast-growing business. Our employee engagement helped the business to continue to function successfully during 2023 and beyond.

Above L-R: Edem Essien, Electrical Lead; Michael Akpan, Mechanical Lead; Idorenyin Obot Akpabio, Graduate Intern; Vincent Ani, Senior Electrical Engineer; Gozie Okeke, Instrument and Control Lead, Savannah's Uquo CPF, Nigeria

Our host countries and communities

During 2023, we worked closely with the local communities in our countries of operation, which included Nigeria, Niger and Cameroon.

In South East Nigeria our footprint covers 22 Local Government Areas ("LGAs") in Akwa Ibom and Cross Rivers States. Within the 22 LGAs, there are 22 paramount rulers, 247 local communities, each with a village head, and 50 clan heads. Key stakeholders also include various local interest groups representing youths and women, opinion leaders, social cultural groups and government agencies.

In Niger we work with 13 local communities in and around N'Gourti within the Diffa region, which is located in the south-east of the country. We also liaise with in-country non-governmental organisations.

In Cameroon, there are approximately 40 local communities, comprising over 480 households, in the Nganha and Ngaoundéré 3rd districts surrounding our Bini a Warak hybrid hydroelectric and solar project, located in the northern Adamawa Region of the country.

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

How we engage

We take a constructive and positive approach to working with local communities, seeking to maintain good relationships with them all. We engage with the local communities in which we operate, maintaining our social licence to operate by ensuring that our policies on safety, the environment and human rights are followed to the highest standards in our operations, projects and activities. Regular engagement meetings are held with the local communities in which we operate to discuss and manage any concerns proactively. These meetings also help us keep local stakeholders updated as we progress in our operations and projects. This process is also applicable to our local project contractors who engage with the communities as often as required. The regular interaction, through both formal and informal engagement meetings with local stakeholders, allows us to address any actual and/or perceived issues or concerns they may have, ensuring that our social licence to operate is maintained. The participatory principle is always applied and, wherever it operates, Savannah deploys stakeholder engagement and grievance management procedures in engagement forums. In addition, we have a local content policy designed to ensure that, wherever possible and appropriate, we prioritise qualified employees and suppliers from our local communities.

In Nigeria, the introduction of the Host Community Development Trust ("HCDT") mechanism, as part of the 2021 Petroleum Industry Act ("PIA"), has changed how companies deliver community projects in Nigeria. Consequently, the majority of our social impact investment in Nigeria is now channelled via the HCDTs, which select and implement projects on behalf of their local communities. During 2023 we continued to work on setting up HCDTs across our various host communities. Outside the requirements of the new HCDTs, in November 2023, we launched our flagship Savannah Energy Education and Internship Training programme and continued our Graduate Internship programme.

Outside of Nigeria, our social impact investment continues to focus on improving local living standards via health, education and agricultural initiatives, as well as the provision of drinking water and local infrastructure projects. Our projects also provide training to foster future economic self-sufficiency.

The key material issues for our host countries and communities are that Savannah:

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

Outcomes

The engagement process in 2023 further strengthened the existing relationships between the Company and the local communities in which we operate.

Above: A community in the Tahoua Region of southern Niger, situated near to Savannah's Parc Eolien de la Tarka wind farm project, Niger

Stakeholder engagement continued

Governments, local authorities and regulators

We engage with over 49 stakeholders within the federal, state and local government, as well as other national entities in Nigeria. In Niger, we engage with over 50 stakeholders within the national government and local authorities, including the chiefs of the 13 communities located within our asset areas. In Cameroon, we engage with 63 stakeholders within the national, state and local authorities.

In the UK, we engage with various governmental departments, primarily those providing assistance and support to UK companies operating abroad.

We engage in order to maintain Savannah's social and regulatory licences to operate, and to build collaborative partnerships with government agencies that generate value for both parties.

How we engage

In 2023 we took a proactive and constructive approach to working with national and local authorities, as well as regulators in Nigeria, Niger and Cameroon. We contribute to government and local authorities in the countries in which we operate in the form of royalties, taxes and fees. Our cumulative payments to local governments since 2014 total approximately US$218 million.

The key material issues for governments, local authorities and regulators are that Savannah:

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

Outcomes

Sustained cordial and productive working relationships were maintained with the various government agencies we interacted with during the year.

Above: Mr Awalou Mahamadou, Mayor of the Nganha District, Cameroon

Our customers, suppliers and partners

Our customers in Nigeria include Calabar Generation Company Limited, Lafarge Africa PLC, Ibom Power Company Limited, First Independent Power Limited, Central Horizon Gas Company Limited, Notore Chemical Industries PLC, Shell Nigeria Gas Limited and Shell Petroleum Development Company of Nigeria Limited.

Our suppliers in Nigeria include Amalgamated Oil Company Nigeria Limited, whereby our Accugas subsidiary has agreed a contract to 2033 to purchase up to 20 MMscfpd of gas for onward sale to Accugas customers.

Our partners in Nigeria include AIIM, which holds a 20% economic interest in each of Accugas Limited and Savannah Energy Uquo Gas Limited, as well as Frontier Oil Limited and Network Oil, our partners in the FUN Manifold.

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

How we engage

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

In Nigeria, our commercial team is responsible for identifying and marketing our gas to potential new customers.

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

The key material issues for our customers, suppliers and partners are that Savannah:

- Is a reliable business counterparty;
- Operates in a safe, secure and compliant manner;
- Is straightforward to engage with; and
- In Nigeria, provides a consistent and stable delivery of on-specification gas to our customers.

Outcomes

Underscoring the reliability of our gas supply in Nigeria, we were pleased to agree a number of new and extended GSAs during 2023, including a new GSA with SNG and contract extensions with CHGC, FIPL, Notore and SPDC for a total of up to 101 MMscfpd. Post-year end, we agreed a contract extension with FIPL.

Above L-R: Khaled El-Dokani, Former Group Managing Director/Country Chief Executive Officer, Lafarge Africa PLC; Lolu Alade-Akinyemi, Group Managing Director/Chief Executive Officer, Lafarge Africa PLC; Ayo Ademilua, Chief Executive Officer, Renewable Energy Association of Nigeria; Pade Durotoye, Managing Director, Savannah, Nigeria

Our shareholders and lenders

Our shareholders include both institutional and retail investors who are principally based in the UK and US. Our top 10 institutional shareholders hold approximately 57% of our shares. During 2023 we had a group of 10 lenders consisting of African, US and UK-based financial and corporate institutions, plus a listed bond.

We agreed a new Reserve-Based Lending facility with The Standard Bank of South Africa Limited in respect of the financing for the SIPEC Acquisition. Post-year end in January 2024, we entered into the Transitional Facility with five Nigerian lenders.

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

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

How we engage

Our investor relations programme is designed to answer investor queries and provide public disclosure on results and other material developments within the business. It also ensures that shareholders' views are communicated to our Board and are considered in the Company's decision making. Our investor relations programme includes regular updates, calls, meetings, investor roadshows and our Annual General Meeting, as well as participation in investor and industry conferences. We also continued to engage with our investors' ESG and stewardship teams ahead of the 2023 AGM and via their participation in our materiality assessment surveys. During 2023, we also had significant engagement with our lenders, as we progressed the Transitional Facility and funding for the SIPEC Acquisition.

The key material issues for our shareholders and lenders are that Savannah:

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

Outcomes

Engagement levels between shareholders and the Company were frequent, with well attended virtual events.

In recognition of our engagement efforts, Savannah was pleased to receive a Bronze Award for "Best Printed Annual Report" and was "Highly Commended" in the category of "Best Online CSR or ESG Report" at the 2023 Corporate & Financial Awards. We were also shortlisted for "Best Communication of Sustainability" at the 2023 Investor Relations Society Best Practice Awards.

Above: The City of London, UK

Hydrocarbons: supplying the energy Africa needs

Group production

Our principal producing area in 2023 was Nigeria, where we have two large-scale oil and gas fields. We are also developing high-quality exploration and development assets in Niger, with a 100% exploration success rate.

Midstream hydrocarbon assets

Our Nigerian Accugas midstream business comprises the 200 MMscfpd nameplate capacity Uquo CPF and a c. 260 km gas pipeline network with a c. 600 MMscfpd capacity. In Cameroon, we have a 41.06%[1,2] indirect financial interest in COTCo.

Niger
Nigeria
Cameroon
South Sudan

Key
Current operations
Planned operations[3]

Nigeria average gross daily production 2023

23.6 Kboepd

Gas	91%
Oil	8%
Condensate	1%

Net 2P Reserves and 2C Resources (MMboe) as at end 2023

157.6 MMboe

2P Reserves	41%
Liquids	4.3 MMstb
Gas	60.8 MMboe
2C Resources	59%
Liquids	33.3 MMstb
Gas	59.1 MMboe

Transformative acquisitions planned in Nigeria and South Sudan

Proposed SIPEC Acquisition

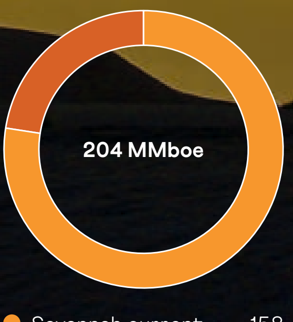
Forecast 46 MMboe increase in net 2P Reserves and 2C Resources, and forecast 1.4 Kboepd increase in pro forma 2024 net production at Stubb Creek Field post the SIPEC Acquisition in Nigeria.

Read more about our Stubb Creek acquisition in Nigeria on page 6.

Proposed South Sudan Acquisition

Proposed acquisition of PETRONAS International Corporation Limited's entire oil and gas business in South Sudan.

Forecast net 2P Reserves and 2C Resources post SIPEC Acquisition



Savannah current	158
SIPEC	46

Imari West, Niger

Nigeria

"In Nigeria, we are a reliable supplier of gas to eight power station and industrial customers. In 2023, we also commenced deliveries of third-party gas for the first time, providing a commercial route to market via our extensive pipeline network for otherwise stranded gas resources. Our planned completion of the US$45 million Uquo gas compression project later this year, together with our recently announced planned SIPEC Acquisition, consolidating our interest in the Stubb Creek Field, offers huge potential for us to support our Nigerian gas customers with a steady and reliable supply of non-associated gas over the long-term."

Pade Durotoye,
Managing Director, Savannah, Nigeria

2023 performance highlights

Average gross daily production
23.6 Kboepd

Average gross daily gas production
129.2 MMscfpd
21.5 Kboepd

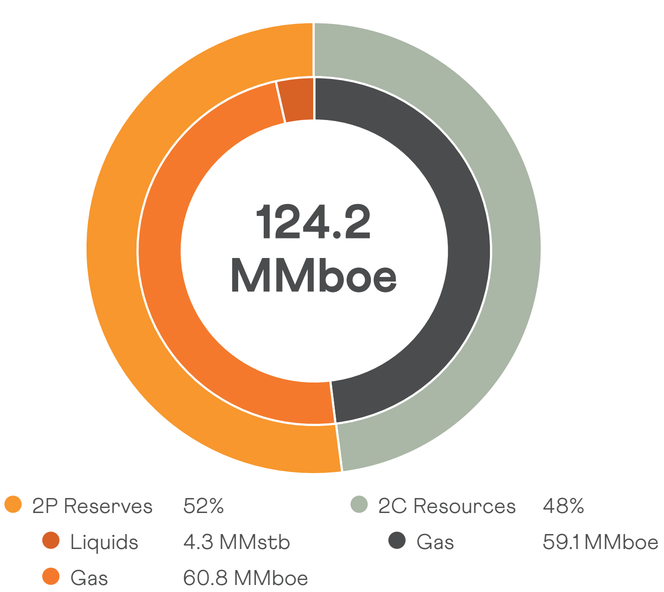
New gas contracts and extensions agreed in 2023 and 2024

- Amalgamated Oil Company Nigeria Limited
- Central Horizon Gas Company Limited
- First Independent Power Limited
- Notore Chemical Industries PLC
- Shell Nigeria Gas Limited
- Shell Petroleum Development Company of Nigeria Limited

Nigeria country facts

Population[4]	2023 GDP growth[4]
222m	**2.9%**
GDP[4]	**GDP per capita[4]**
US$390bn	**US$1,760**

Net 2P Reserves and 2C Resources



Savannah's operations in South East Nigeria

Key facts and figures

Two large-scale oil and gas fields

Uquo and Stubb Creek, located in South East Nigeria

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

200 MMscfpd processing facility and an approximately 260 km pipeline network

Eight current gas customers

- Calabar Generation Company Limited (owner of the Calabar power station)
- Ibom Power Company Limited (owner of the Ibom power station)
- Lafarge Africa PLC (owner of the Lafarge Mfamosing cement plant)
- Central Horizon Gas Company Limited
- First Independent Power Limited (owner of the FIPL Afam, Eleme and Trans Amadi power plants)
- Notore Chemical Industries PLC
- Shell Petroleum Development Company of Nigeria Limited
- Shell Nigeria Gas Limited

US$3.5bn

Remaining life-of-contract revenues[(b)]

13.6 years

Weighted average remaining contract life to 2037

65.1 MMboe

Net 2P Reserves as at end 2023

59.1 MMboe

Net 2C Resources as at end 2023

21.8 years

2P Reserves and 2C Resources life as at end 2023

Business sector review: hydrocarbons continued

Nigeria continued

2023 update

Our Nigerian assets continued to perform well in 2023 with average gross daily production of 23.6 Kboepd, of which gas production from the Uquo Field was 129.2 MMscfpd (21.5 Kboepd), accounting for 91% of the total. Average gross daily production in 2023 was impacted by the planned six-week Uquo CPF and pipeline maintenance programme which took place between mid-July and end August 2023.

In April 2023, Savannah's Accugas subsidiary entered into an agreement with AMOCON for gas produced from its OML 156 sole risk petroleum lease area. Under the terms of the agreement, Accugas has agreed to purchase up to 20 MMscfpd of gas from AMOCON over the course of the next 10 years for onward sale to Accugas customers. Deliveries commenced in April 2023. By providing a commercial route to market for otherwise stranded gas resources, the agreement with AMOCON represents a new source of growth for Accugas with the potential to serve as the template for the commercialisation of other stranded gas resources in South East Nigeria.

We were also pleased to agree a number of new and extended GSAs during 2023, including a new GSA with SNG and contract extensions with CHGC, FIPL, Notore and SPDC for a total of up to 101 MMscfpd.

In order to advance our ability to maintain and grow our gas production levels over the course of the coming years, during 2023 we also progressed the US$45 million compression project at the Uquo CPF, completing the front-end engineering design of the new compression system and the associated order of long lead items, along with the completion of the detailed design work.

Read more about our Uquo Compression Project on page 54

2024 outlook

The strong momentum in gas sales continued post-year end with a 12-month contract extension signed in January 2024 with FIPL for a total of up to 65 MMscfpd.

On 19 March 2024, we announced the planned SIPEC Acquisition. SIPEC's principal asset is a 49% non-operated interest in the Stubb Creek Field, where our affiliate, Universal Energy Resources Limited, is the 51% owner and operator. On completion the acquisition will consolidate our interest in the field. Within 12 months following completion of the SIPEC Acquisition, we plan to implement a de-bottlenecking programme of the facilities which should increase Stubb Creek gross production by approximately 2.7 Kbopd to approximately 4.7 Kbopd.

Operationally in 2024 we are focused on progressing the compression project at the Uquo CPF and expect this to be fully completed and operational in H2 2024.

Read more about our Uquo compression project on page 54

Our assets

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

Accugas

Savannah's Accugas midstream business focuses on the marketing, processing, distribution and sale of gas to the Nigerian market. Savannah holds an 80% economic interest in Accugas, with the remaining 20% held by AIIM. Accugas receives gas from Uquo at its nameplate 200 MMscfpd processing facility, where the gas is treated and then transported through its approximately 260 km pipeline network.

In 2023, gas was sold to nine customers at a weighted average realised price of US$4.22/Mscf. Three of the GSAs were "take-or-pay" contracts where, if customers took less than the take-or-pay quantity, they were still required to pay for the minimum contractual amount of gas, which in 2023 was equivalent to an aggregate maintenance-adjusted take-or-pay volume of 132 MMscfpd. Customers can opt to take make-up gas at a later date if they take less gas than their contractual minimum commitments.

Savannah's eight current gas customers are:

- GSA to supply Calabar Generation Company Limited, which owns and operates the Calabar power station, with 131 MMscfpd of gas for a 20-year period which ends in September 2037, with a take-or-pay commitment of 80% of the contracted volume. This GSA benefits from external credit support via a World Bank supported Partial Risk Guarantee. The Calabar power station has installed capacity of 560 MW;
- GSA to supply Lafarge Africa PLC, a wholly owned subsidiary of Lafarge Holcim, with 24 MMscfpd of gas to its Mfamosing cement plant in Cross River State, Nigeria, with an 80% take-or-pay commitment. This contract was amended in December 2020 with an extension for a further five years to January 2037, giving a remaining contract life of over 13 years. The Daily Contracted Quantity ("DCQ") of gas was reduced from 39 MMscfpd to 24 MMscfpd, compensated by an advanced payment of US$20 million in December 2020 and a new pre-payment structure to 2027. The amended structure also allows Lafarge to utilise its accumulated make-up gas balance, whilst we have preserved the capacity to supply higher volumes when these are required. Lafarge's commitments under the revised GSA continue to be guaranteed by an international investment grade[e] bank guarantee;
- The Ibom power station, owned by IPC, has a current installed capacity of 191 MW and is owned by the Akwa Ibom State of Nigeria. The previous 10-year GSA to supply 20 MMscfpd of gas to IPC, with a take-or-pay commitment of 80% of the contracted volume expired in December 2023. We are supplying gas on a best endeavours basis pending ongoing discussions for a longer term agreement. (Consequently, post-year end Accugas' current aggregate maintenance-adjusted take-or-pay volume is 117 MMscfpd, given that this is not currently a take-or-pay contract.);

- GSA with FIPL to supply up to 65 MMscfpd of gas to the FIPL Afam, Eleme and Trans Amadi power stations, which have a total generation capacity of 391 MW. Post-year end we agreed a 12-month contract extension commencing 1 January 2024. FIPL is an affiliate company of the Sahara Group, a leading international energy and infrastructure conglomerate with operations in over 42 countries across Africa, the Middle East, Europe and Asia;
- GSA with the CHGC to supply up to 10 MMscfpd. The original GSA was extended in June 2023 for a further 12-month period, with the original maximum nominated daily quantity increased from 5 MMscfpd to 10 MMscfpd. The GSA is further extendable by mutual agreement. CHGC is a major gas distribution company situated in the South-South region of Nigeria, operating a 17 km gas pipeline infrastructure network providing natural gas to industrial and commercial users in the Trans Amadi Industrial Area of Port Harcourt as well as the Greater Port Harcourt Area, Nigeria;
- GSA with Notore to supply up to 20 MMscfpd of gas to augment its current supplies. The original GSA was extended in August 2023 for a further 12-month period, with the original maximum nominated daily quantity increased from 10 MMscfpd to 20 MMscfpd. The GSA is further extendable by mutual agreement. Notore is a Nigeria-based integrated agro-allied chemicals and infrastructure company located on the Onne Oil and Gas Free Zone areas of Rivers State in southern Nigeria. Notore's primary business is the production of urea, ammonia and nitrogen, phosphorus and potassium ("NPK") blend fertilisers;
- GSA with SNG to supply up to 3 MMscfpd of gas supplies which commenced in August 2023. The GSA was extended in December 2023 for a further six-month period and is further extendable by mutual agreement. SNG is a fully owned Shell PLC company, incorporated for the downstream distribution of gas to industries in Nigeria, and currently operates a gas transmission and distribution network of over 138 km, together with several distribution systems in Nigeria; and
- GSA with SPDC to supply up to 3 MMscfpd of gas for use in off-grid power generation at the Shell Industrial Area, Port Harcourt, Nigeria. The original GSA was extended in May 2023 for an 12-month period and is further extendable by mutual agreement.

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

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

Uquo Field

Savannah holds an 80% economic interest in the exploration, development and production of gas within the Uquo Field, the Uquo Gas Project. The Uquo Field is a non-associated gas field, with gross 2P Reserves of 456.2 Bscf as at the end of 2023. It produces gas that is processed and transported through Accugas' infrastructure to end customers. Condensate produced from the Uquo Field is exported via the Qua Iboe terminal. The remaining 20% economic interest in the Uquo Gas Project is held by AIIM.

In 2023, gas production from the Uquo Field averaged 129.2 MMscfpd, compared to 145.3 MMscfpd in 2022. In 2023, peak production was 195 MMscfpd and cumulative production was 323 Bscf as at the end of 2023.

Stubb Creek Field

Stubb Creek Field is a producing oil field with considerable undeveloped, non-associated 2C gas Resources. Post-year end on 19 March 2024, Savannah announced the planned SIPEC Acquisition. SIPEC's principal asset is a 49% non-operated interest in the Stubb Creek Field, located in Akwa Ibom State, Nigeria, where our Universal Energy Resources Limited affiliate is the 51% owner and operator.

As at year end 2023, SIPEC had an estimated 8.1 MMstb of 2P oil Reserves and 227 Bscf of 2C gas Resources. Commercial oil production started at Stubb Creek in 2015, with cumulative production of 7.2 MMstb to 31 December 2023. Oil produced at Stubb Creek is processed through production facilities which have a capacity of c. 3.0 Kbopd and is exported to the Qua Iboe terminal via a 25 km pipeline. We aim to deliver a de-bottlenecking project at the Stubb Creek production facilities and it is expected that within 12 months following the completion of the SIPEC Acquisition, Stubb Creek gross production should increase by approximately 2.7 Kbopd to approximately 4.7 Kbopd.

Development of the gas Resources at Stubb Creek is expected to supplement production from the Uquo Field as it comes off plateau in order to meet Accugas' contracted gas sales volumes. Following the completion of the SIPEC Acquisition, we expect to drill several new gas wells with plans to tie production back to the Uquo CPF via a new 31 km pipeline.

Read more about our proposed Stubb Creek acquisition on page 6

L-R: Peter Bassey, Senior Mechanic; Kufre Akpan, Senior Electrical and Instruments Technician; Okang Eta, Field Operator, Savannah's City Gate Gas Receiving Facility, Nigeria

Business sector review: hydrocarbons continued

Nigeria continued

Hydrocarbons sector

Nigeria has proven oil reserves of approximately 37 billion barrels, ranking as the second largest in Africa and the tenth largest in the world[5]. Nigeria is also estimated to hold 209 Tscf of proven natural gas reserves, making it the eighth largest gas reserve holder in the world and the largest in Africa[5].

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

Following the signing of the Petroleum Industry Act ("PIA") in 2021, the Nigerian oil and gas industry continues to undergo reform. The PIA introduced key changes to the governance, administrative, regulatory and fiscal framework of the Nigerian oil and gas industry in order to ensure transparency, strengthen the governance institutions and attract investment capital, among other objectives.

Gas production and development

Despite its 209 Tscf of proven gas reserves, Nigeria only produces 4.3 Bscfpd[5], much of which is exported as LNG. Nigeria ranked as the world's sixth largest exporter of LNG in 2022, with 692 Bscf exported. With a gas reserve to production ratio of approximately 133 years[5], the under-developed gas resources of Nigeria represent a significant opportunity to be exploited, in particular for the benefit of the domestic economy.

The Nigerian Government has stated that it sees the provision of adequate gas supply as a means of increasing industrial output and electricity supply, and thereby achieving economic growth, prosperity and employment opportunities. In August 2022, the Nigerian Government launched its Energy Transition Plan to demonstrate its commitment to achieving carbon neutrality, ending energy poverty and driving economic growth. The government said that its plan is anchored on natural gas. However, investment in Nigeria's gas market is still relatively low, while gas pipelines are yet to reach large parts of the country. This lack of infrastructure discourages the development of gas fields due to the high cost of building pipelines, and the lack of availability of gas likewise discourages potential major energy consumers from switching to gas. While there are only 4,500 km of gas pipelines in country, Savannah's pipeline network is one of the very few privately owned pipeline systems built in Nigeria and ranks as one of the largest privately owned gas transportation and distribution networks in sub-Saharan Africa.

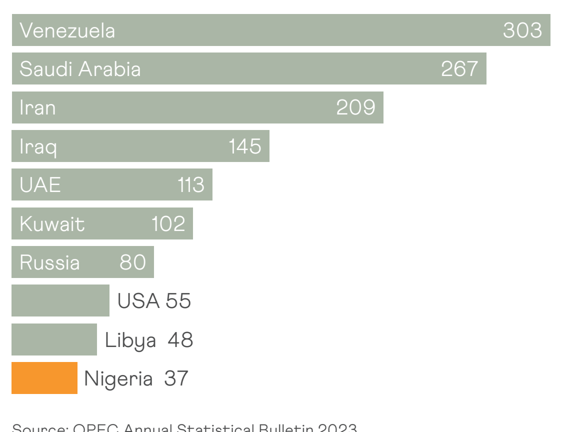
Power sector

Nigeria has one of the lowest rates of grid-based electricity generation capacity per capita in the world, according to the Federal Government's Power Sector Recovery Programme Report of April 2017. Nigeria has a population of approximately 222 million[4] people with an installed power generation capacity of approximately 13,000 MW[6], but with a national electricity grid transmission capacity of 8,500 MW[7]. However, only approximately 4,500 MW[7] is actually dispatched on a daily basis due to combined constraints in gas supply, and electricity transmission and distribution. Nigeria's actual energy consumption far exceeds this figure at an estimated c. 20,000 MW[7]. However, a significant portion of this demand is met by decentralised, off-grid sources, primarily diesel-powered generators. This reliance on inefficient and polluting energy sources underscores the need for a transition to cleaner and cheaper alternatives, such as natural gas and renewable energy.

Nigeria's young population is growing at a rate of 2.5% per annum and is forecast to reach 392 million people in 2050[8], becoming the world's fourth most populous country. The population is urbanising rapidly and the country is beset with chronic electricity shortages. Based on the country's GDP and global trends, electricity consumption is expected to grow to 90,279 MWh by 2040[9], approximately 4.5 times higher than it is currently.

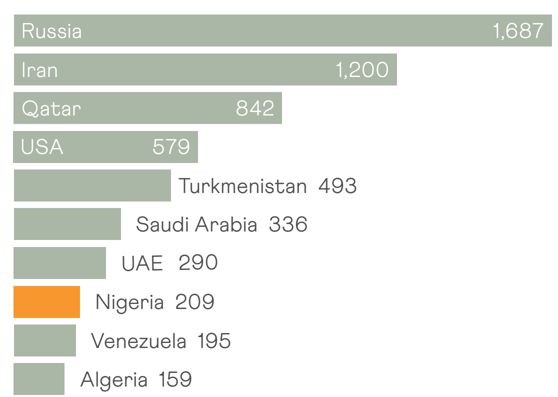
Abuja, capital city of Nigeria

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



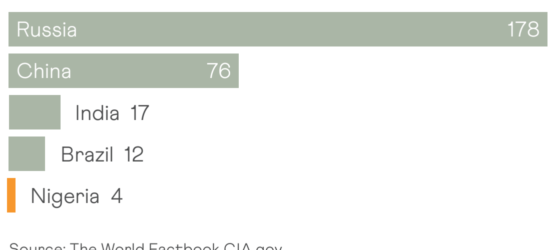
Source: OPEC Annual Statistical Bulletin 2023. Excludes oil sands

Nigeria ranks 8th globally in terms of total proven gas reserves (Tscf)



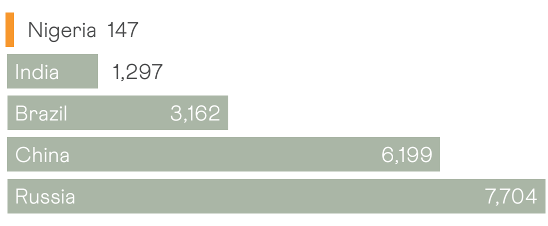
Source: OPEC Annual Statistical Review Bulletin 2023

Gas pipelines ('000 km)



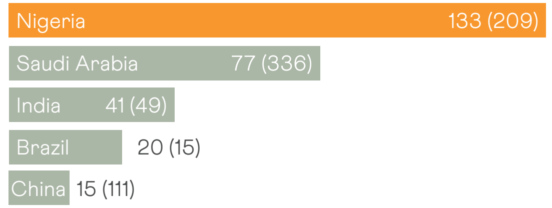
Source: The World Factbook CIA.gov

Electricity power consumption (KWh per capita)



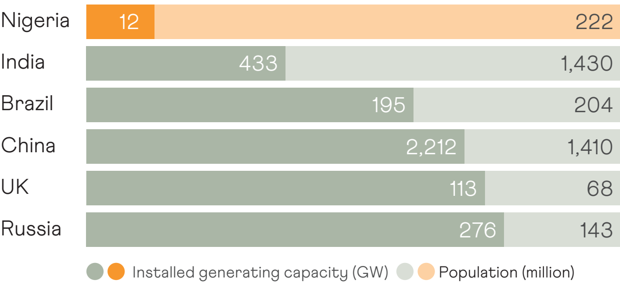
Source: Statista, Electricity consumption per capita worldwide in 2022

Gas reserves life at current production rates years (Tscf)



Source: OPEC Annual Statistical Review Bulletin 2023

Power capacity/population ratio



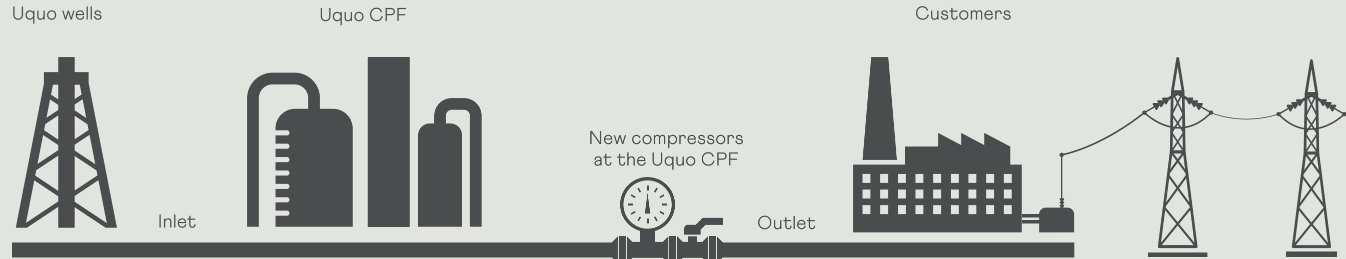
Source: The World Factbook CIA.gov; Worldpopulationreview.com

Strategy in action: case study
Uquo compression project

What is compression?

Compression refers to the process of reducing the volume of gas to increase its pressure for transportation or storage. Natural gas is often produced at low pressures in reservoirs and must be compressed to higher pressures to allow transportation and delivery to customers.

Compressors as part of the Uquo CPF

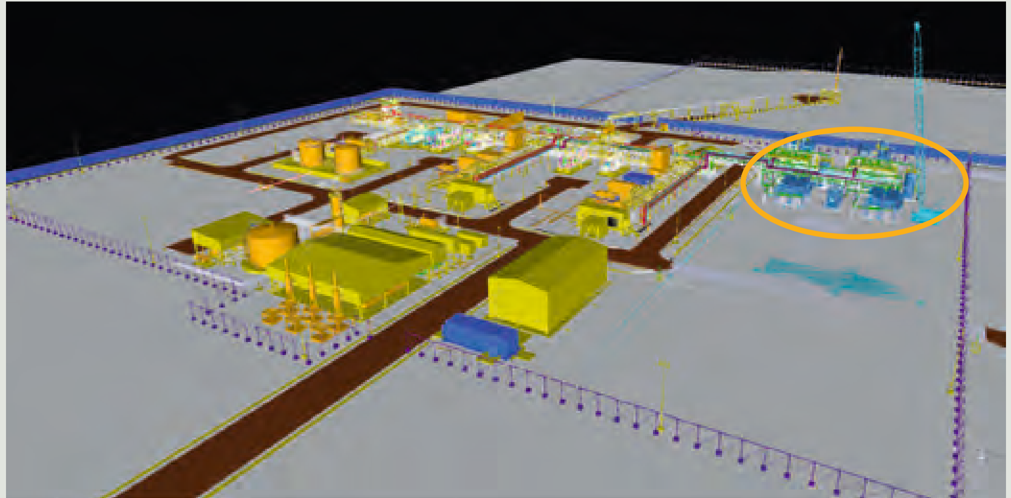


Schematic of Savannah's Nigeria upstream and midstream gas project

Specifications

The new compression system will have two parallel trains, each consisting of a gas scrubber vessel, a single-stage centrifugal compressor with a gas turbine driver and an after-cooler. Each compression train has a design capacity of 160 MMscfpd and is designed to increase the gas export pressure up to a maximum of 81 bar gauge. The gas turbines used to power the compressors are Solar Taurus 70 type and come equipped with low-emission burners and an exhaust gas silencer.

Current view of Savannah's Uquo CPF, Nigeria (Ellipse indicates the new compression system location)



3D render of Savannah's Uquo CPF, Nigeria with compression

Dr Christophe Ribeiro, Vice President Technical

Why do we need compression?

Over time, pressure in our Uquo reservoir has naturally declined as a result of 10 years of gas production. As part of our agreements with our customers, we are required to deliver natural gas that is suitably pressurised to meet their operational requirements. To this end, we are investing US$45 million in a new compression system at the Uquo CPF which is designed to help maintain and grow our gas production levels, allowing us to continue to deliver gas reliably to our customers for years to come.

Progress to date

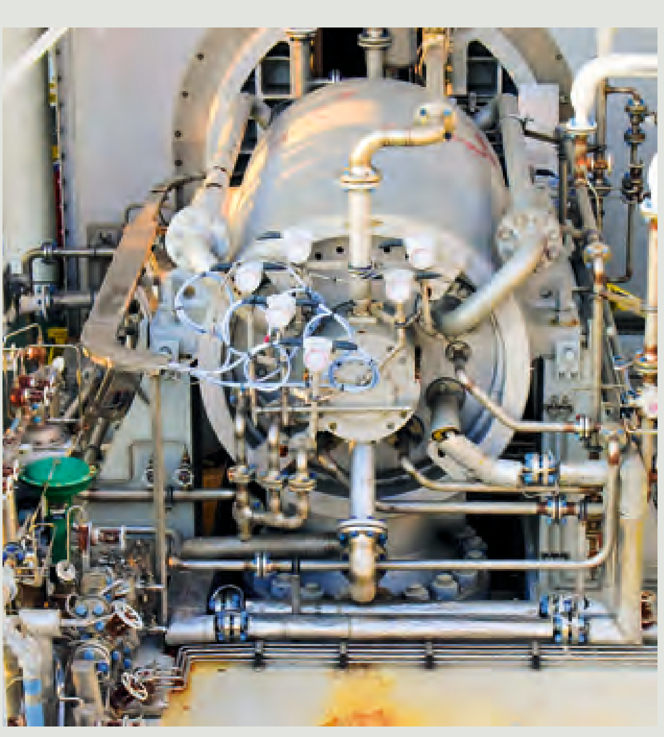
Following the front-end engineering and the associated order of long lead items in early 2022, detailed design work at the Uquo CPF was completed in early 2024. In late 2023, we began work on preparing the site to receive the equipment, placing piles and pouring the large foundations required for the equipment. Post-year end in April 2024, we began placing equipment and fabricating pipes and structures. We expect the project to be completed and the new compression system to be operational during H2 2024.

Operations and maintenance

The Uquo CPF compression project is a highly advanced operational and technological project. Post-installation, we plan to work with the contractor, Solar Turbines, on an ongoing basis, utilising its predictive maintenance software, which can help identify issues before they arise and improve asset longevity.

Solar Turbines plans to receive real-time data from the Uquo compression system at its headquarters in San Diego, where it expects to support us with advanced software, incorporating machine learning and artificial intelligence. This software will provide us with the necessary details required to manage the system efficiently and maximise its performance on an ongoing basis.

Compression project shallow foundations works, Savannah's Uquo CPF, Nigeria



A Solar Turbines compressor system, similar to those envisaged for Savannah's Uquo CPF, Nigeria

Niger

> We continue to progress our plans in Niger for delivering the R3 East development. Our intention is to conduct a flow testing programme on the key R3 East area fields in Q4 2024, with first commercial oil production anticipated during H2 2025/H1 2026."

Yacine Wafy
Vice President West Africa

Key facts and figures

Hydrocarbon licence covers 50% of the ARB

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

100% exploration success rate

achieved to date with five discoveries from the five wells drilled.

35 MMstb

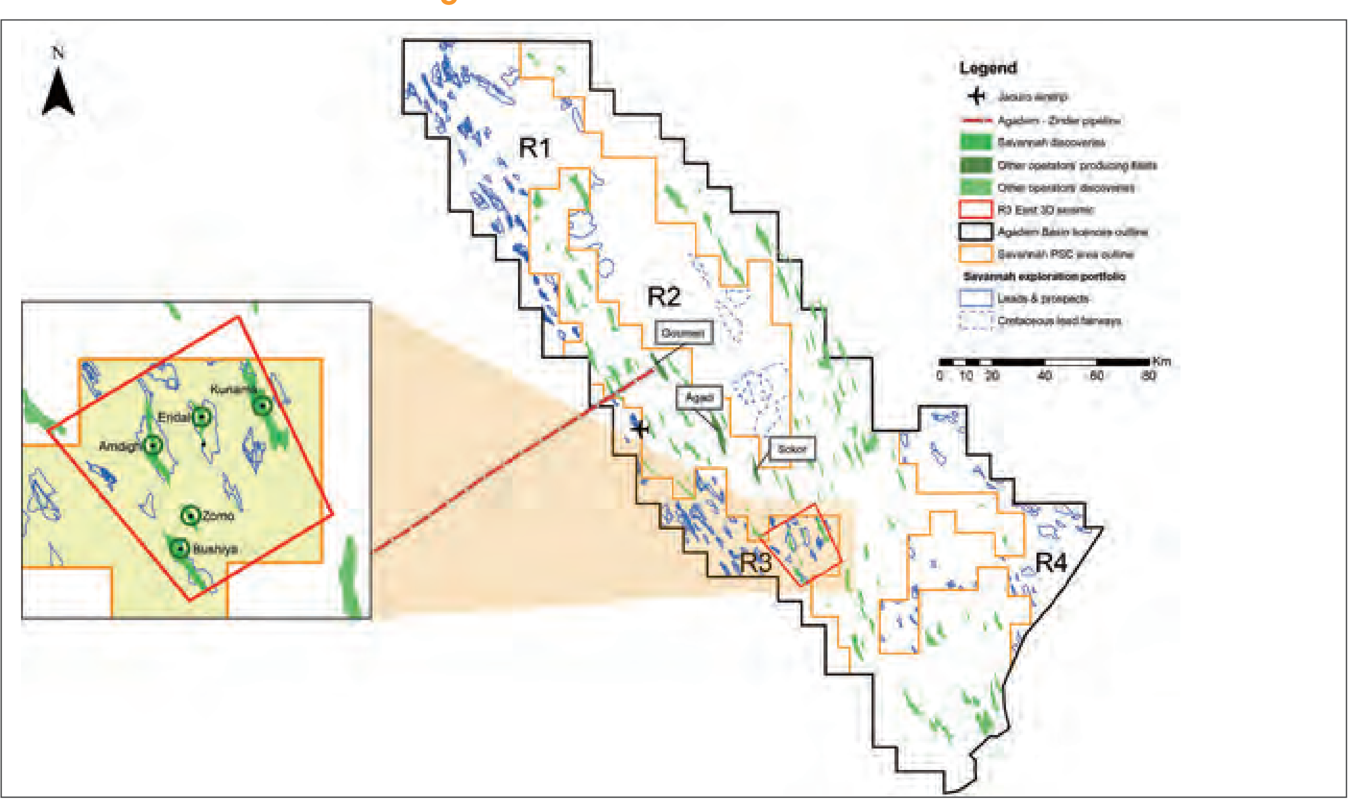
of Gross 2C Resources for our R3 East discoveries.

90 MMstb

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

146 potential exploration targets

Savannah's licence area in Niger



2023 update

- In 2023 we continued to progress our plans for delivering the R3 East development. Work on the Early Production Scheme continued with bottomhole pumps and completion equipment ordered in the first quarter of 2023, and a work-over rig solution identified for a well test programme. In parallel, we re-evaluated the hydrocarbon potential of the R3 area within the R1234 PSC, supported by an updated geological model including the under-explored Cretaceous section. This provides a thorough understanding of prospectivity in the area to assist the Company in the evaluation and options for the future work programme within the R1234 PSC.
- Although it was our intention to carry out a well test programme on our principal discoveries in Q4 2023, the timeline was impacted by political events in H2 2023 and, in particular, the subsequent restrictions imposed by ECOWAS which resulted in the closure of the border between Niger and Benin. This created logistical challenges for companies operating in Niger and, specifically, for Savannah in relation to the importation of the necessary equipment to complete our planned well test programme.

2024 outlook

- We intend to commence a flow testing programme on the key R3 East fields in Q4 2024, with first commercial oil production anticipated during H2 2025/H1 2026.
- Production is expected to ramp up to a plateau rate of approximately 5 Kbopd approximately one year after first oil. The crude is expected to be evacuated via the new Niger-Benin pipeline, which was commissioned in Q4 2023 and became operational in May 2024.
- We plan to conduct an update of the prospectivity of the R1 and R4 areas within the R1234 PSC.
- We also expect to undertake an appraisal and exploration programme focusing on the existing discoveries and high-ranked prospects from our exploration portfolio.

Niger country facts

Population[4]	2023 GDP growth[4]
27m	4.1%
GDP[4]	**GDP per capita[4]**
US$17.1bn	US$631

Our upstream assets

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 and prolific exploration provinces since 2008, with an estimated one billion barrels 2P Reserve base established and an exploration success rate of 80%. This can be explained by the high probability of all petroleum system elements (i.e. source rock and migration, reservoir presence, trap and seal) being present within this Tertiary play. 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 10 km being deposited in the basin centre.

To date, most discoveries have been made in the Sokor Alternances, with the average size of discoveries being c. 30 MMstb of oil in place.

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

Niger-Benin pipeline fully commissioned and operational

China National Petroleum Corporation ("CNPC") completed construction of the Niger-Benin pipeline and terminal in Seme, Benin, in Q4 2023. On 1 November 2023, a commissioning ceremony was held in Koulélé, near Agadem in Niger, presided over by Niger's Prime Minister, HE Mahamane Ali Lamine Zeine, and Oil Minister, HE Mahaman Moustapha Barké. First exports were achieved in Q2 2024, with the pipeline now reported to be fully operational and currently transporting approximately 90 Kbopd from CNPC's licence area.

The Niger-Benin pipeline, with a total length of 1,950 km, including 1,275 km in Niger and 675 km in Benin, is the longest oil pipeline in Africa and has eight pumping stations. The initial export pipeline capacity is 110 Kbopd. In the longer term, the addition of a further eight pumping stations could increase pipeline capacity to 300 Kbopd.

The route of the Niger-Benin pipeline

Business sector review: hydrocarbons continued
Niger continued

Savannah intends to continue work on its Early Production Scheme

The first phase is expected to deliver an initial production of c. 1.5 Kbopd. In this first phase, following well testing, raw crude will be processed in a 5 Kbopd capacity EPF, and the processed crude will be exported via a c. 50 km pipeline connected to the Niger-Benin pipeline. Savannah then anticipates a second phase to drill more wells and build a gathering system to produce from adjacent fields and process the crude at the EPF. Production is then expected to ramp up to c. 5 Kbopd. The new Niger-Benin pipeline and terminal in Seme, Benin will provide an important export route and the ability to monetise further our existing and future oil discoveries in the ARB.

Nigerien hydrocarbons sector

Hydrocarbons have become the driving force of the Nigerien economy with hydrocarbon revenues reinvested in basic social sectors, such as public health, education, agriculture and infrastructure. Niger has significant geological potential, but to date this has been largely under-explored:

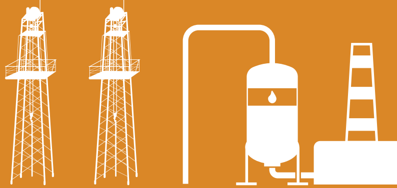
- 90% of the territory is covered by two sedimentary basins (the Western Basin and the Eastern Basin), with most of the exploration having been focused in the Eastern Basin;
- Despite the recent exploration successes in the Agadem and Kafra Basins, where the majority of the discoveries were made in the shallowest Tertiary sequence, the Eastern Basins remain 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.

Proposed Early Production Scheme

Phase 1 – first oil

- Expected to deliver up to 1.5 Kbopd.
- 5 Kbopd capacity EPF to be built on site at Amdigh.
- c. 50 km pipeline to be laid between the EPF and Niger-Benin pipeline.
- Oil to be piped to the Niger-Benin pipeline, then sold on the international market.

1.5
Kbopd



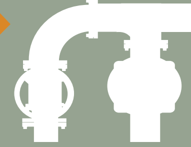
Phase 2 – ramp up to 5 Kbopd

- Use of existing EPF and c. 50 km pipeline.
- Construction of a gathering system to enable adjacent discovered fields (e.g. Bushiya, Eridal and Kunama) to be tied into the EPF.
- Drilling additional appraisal and development wells.
- Production expected to ramp up to c. 5 Kbopd.

5.0
Kbopd

Eridal drilling site, Niger

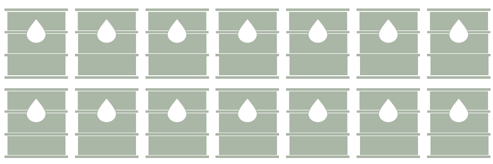
Further exploration and development



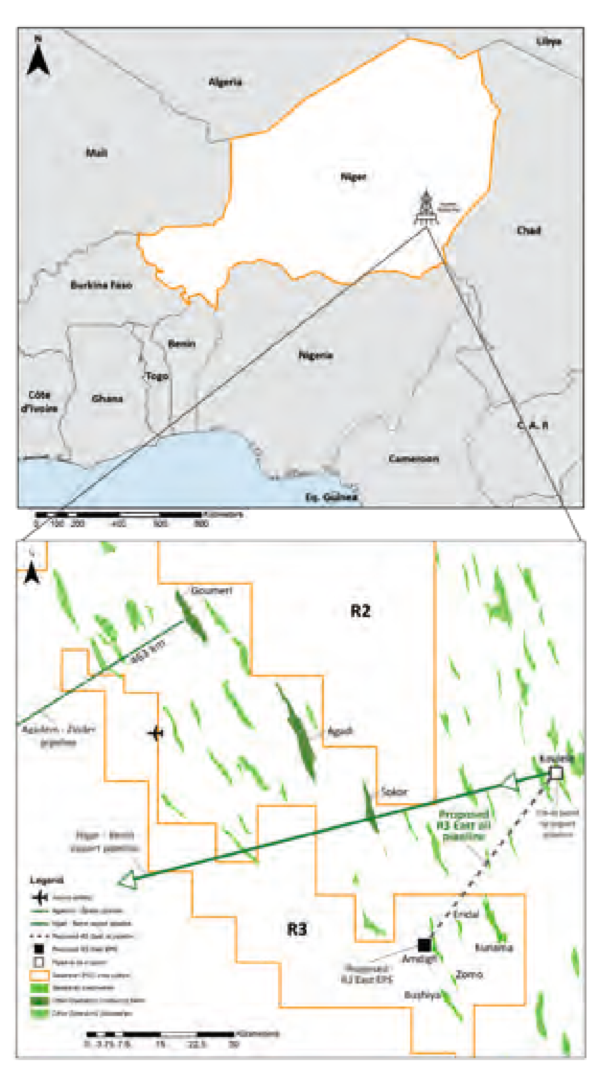
Further long-term potential

After the completion of the second phase, there are two further opportunities to increase production:

- Firstly, with 146 further potential exploration targets having been identified for future drilling consideration, the addition of further resources to Savannah's portfolio through the next phase of the planned exploration programme.
- Secondly, the initial export capacity of the Niger-Benin pipeline is 110 Kbopd. Taking into account CNPC's planned production, over 20 Kbopd of spare capacity is expected to be available for other operators. It is also planned that eight additional pumping stations will then be installed along the 20-inch Niger-Benin pipeline, on average every 250 km, which will be linked to tie-in points every 40–50 km. The addition of the pumping stations should ultimately increase pipeline capacity to 300 Kbopd in four phases. There is an official government target to increase oil production to 200 Kbopd by 2026.



Location of our proposed Early Production Scheme in Niger



Renewable energy: developing renewable energy projects in Africa

Energy poverty remains Africa's most significant economic problem, with 600 million people, or 43% of the total population[(1)], without access to electricity. Developing hydrocarbons AND renewable energy is critical to addressing energy poverty.

Savannah's Renewable Energy Division now has up to 696 MW of renewable energy projects in motion and is targeting up to 1 GW+ of projects in motion by end 2024. We have an ambitious pipeline of renewable energy projects under development in Africa with up to 2 GW+ of renewable energy projects planned by end 2026.

Bini a Warak

Our up to 95 MW hybrid hydroelectric and solar project in Cameroon

Parc Eolien de la Tarka

Our up to 250 MW wind farm project in Niger

Niger solar projects

Our projects to develop up to 200 MW of photovoltaic solar power plants

Niger

Cameroon

An example of the solar farm, similar to that envisaged for Savannah's solar projects in Niger

Cameroon: optimising the Bini a Warak project, increasing installed generation capacity to up to 95 MW

The Bini a Warak hybrid hydroelectric and solar project

In April 2023, Savannah took over the proposed development of the Bini a Warak hybrid hydroelectric and solar project, following the signing of a Memorandum of Agreement with the Government of the Republic of Cameroon. The Bini a Warak project, located in the northern Adamawa Region of Cameroon, involves the construction of a dam on the Bini River, together with a reservoir and associated waterways, powerhouses, substations and a transmission line connecting the project to Cameroon's northern electricity grid. The project is expected to generate clean, stable, and affordable power for Cameroon's northern region, increasing the region's generation capacity by over 50%. This, in turn, will support existing local electricity demand and enable energy-intensive industrial projects that will drive economic development.

In 2023, we undertook optimisation studies at Bini a Warak which helped us to identify opportunities for improvement on the original project designs. The optimisation studies led us to redesign the project in a manner that reduces its environmental and social impact, while lowering the generation cost per kilowatt hour. In particular, the redesign: reduces dam height, thereby approximately halving the flooded surface area and cutting the required relocation of local communities from three villages to one; replaces the canal with a penstock to improve energy efficiency; resizes power evacuation lines from 225 kV to 110 kV to optimise costs; and incorporates photovoltaic solar to complement the power generation from hydropower.

Cameroon country facts

Population[2]
28.6m

2023 GDP growth[2]
4%

GDP[2]
US$49.3bn

GDP per capita[2]
US$1,724

The waterfalls on the Bini River, inside the Bini a Warak project site, Cameroon

Location of the Bini a Warak project site

Bini a Warak project key facts

Up to 95 MW

To be located in the Northern Adamawa Region of Cameroon

+50%

Expected to increase current on-grid electricity generation capacity in northern Cameroon by over 50%

110 kV

A 110 kV transmission line is expected to connect the project to Cameroon's northern electricity grid

First power 2028-2029

The project is intended to be developed on an independent power project basis with project sanction expected in 2026 and first power targeted in the 2028-2029 window

Business sector review: renewable energy continued
Cameroon continued

The Bini a Warak hybrid hydroelectric and solar project continued

The incorporation of photovoltaic solar is an important development that transforms the Bini a Warak hybrid hydroelectric and solar project, raising its installed power generation capacity from 75 MW to 95 MW. Hydropower production will adapt to photovoltaic solar production levels, enabling a combined stable level of energy generation throughout the day.

In addition to providing greater energy output, there is also potential for power to be dispatched into Cameroon's southern electricity grid. The Cameroon-Chad Interconnection Project, financed by the World Bank and scheduled for completion by 2026, will allow for the transmission of electricity between north and south.

The proposed redesign was approved by Cameroon's Minister of Water and Energy, His Excellency Gaston Eloundou Essomba, in December 2023. Project sanction is currently anticipated in 2026, with first power targeted in the 2028 to 2029 window.

At the beginning of 2024, the President of Cameroon, His Excellency Paul Biya, delivered his New Year 2024 "Message to the Nation" in which he referenced the importance of the Bini a Warak project. The President commented: "Major strides were also made in the electricity sector to reduce our country's energy deficit. Several other hydropower facility projects are also planned or being launched. These include the Bini a Warak dam. In the long term, the installed capacity of all these facilities will secure our country's electric energy self-sufficiency. Additionally, it will make us reach the enviable status of an electricity-exporting country."

HE Paul Biya
The President of Cameroon

> "Major strides were also made in the electricity sector to reduce our country's energy deficit. Several other hydropower facility projects are also planned or being launched. These include the … Bini a Warak dam. In the long term, the installed capacity of all these facilities will secure our country's electric energy self-sufficiency."

HE Paul Biya
The President of Cameroon

L-R: Gabriel Nkollo, Electrical Engineer, Sinohydro; Njimbouem Jean F, Special Police Commissioner of Nganha; Abouma Biloa Christian, Secretary General to the Governor of the Adamawa Region; Oussoumanou Malam, Project Director Assistant, Sinohydro; Julian Horn, Managing Director, Savannah; Saidou Sidiki, Regional Delegate of the Ministry of Environment; and other visitors at the Bini a Warak project site, Cameroon

Strategy in action: case study

Highlighting the benefits of the Bini a Warak hybrid hydroelectric and solar project

Actively engaging with our stakeholders

In May 2023, we hosted a four-day visit for a range of key stakeholders to our Bini a Warak hybrid hydroelectric and solar project site.

The site visit included stakeholders from relevant national government ministries, local authorities and the three local villages, Nganha, Mbang-Mboum and Warak, which border the project site. Mr Awalou Mouhamadou, Mayor of Nganha Village, delivered a speech to the attendees, highlighting the benefits that the project is expected to bring to the region. After touring the site, we held a Q&A session for stakeholders from the local communities, enabling them to provide feedback on the project. Many local community members expressed their hopes for the project, including its ability to change their lives for the better by delivering consistent and reliable power to support their energy needs.

As part of the visit, we also met with His Excellency Kildadi Taguieke Boukar, Governor of the Adamawa Region, and Abouma Biloa Christian, Secretary General to the Governor of the Adamawa Region, to introduce Savannah and the project team, and explained our plans for developing the project.

We believe the Bini a Warak hybrid hydroelectric and solar project can deliver positive, direct and indirect economic benefits for the region, with significant upside for local industry and communities seeking long-term development opportunities.

We continue to engage with the local community and key stakeholders across the government on this transformative project for the region. Following the initial site visit, we hosted additional visits in August and September 2023, maintaining an open and constructive dialogue with key stakeholders to ensure that this project is built to serve the needs of the Government of Cameroon and the local communities.

Niger: key development studies progressed

Parc Eolien de la Tarka wind farm

Savannah's up to 250 MW Parc Eolien de la Tarka project, located in the Tahoua Region of southern Niger, will be the country's first wind farm and is anticipated to be the largest in West Africa. With 35 to 40 wind turbines and a total power generation capacity of up to 250 MW, it is expected to produce up to 800 GWh of electricity per year, representing approximately 22% of Niger's current annual electricity consumption. The construction phase is expected to create over 500 jobs, while it has the potential to reduce the cost of electricity for Nigeriens and avoid an estimated 450,000 tonnes of CO_2 emissions annually[3].

Since the commencement of the project in March 2022, Savannah has focused on progressing the key studies required to achieve project sanction. During 2022 we completed grid integration and cartography studies, installed a 100-metre meteorological mast to record wind speeds, and appointed consultants to conduct an Environmental and Social Impact Assessment ("ESIA"). The ESIA is a comprehensive study to evaluate a broad spectrum of potential environmental and social impacts of the project, ensuring sustainable development practices are maintained. The study was designed to be fully compliant with World Bank Guidelines and the International Finance Corporation Performance Standards.

In early 2023, we completed a transport study covering the 1,300 km planned transportation route from the port of Cotonou in Benin to the Tarka site. The study is expected to be the basis for route planning and co-ordinating the transport of the large wind turbines, which have blades over 80 metres long. The transportation of the wind turbines will require specialised vehicles and upgrading of roads and bridges along the transport route.

A security study was concluded in April 2023, comprising three components: a strategic security study; tactical analysis and support; and risk mitigation. In addition to the security study, an aviation study confirmed that the project will not disturb air traffic in the region.

Niger country facts

Population[2]	2023 GDP growth[2]
27m	4.1%
GDP[2]	GDP per capita[2]
US$17.1bn	US$631

Parc Eolien de la Tarka project key facts

Up to 250 MW
Proposed installed power generation capacity

35-40 wind turbines
Expected to comprise between 35 and 40 wind turbines

800 GWh/yr
Expected to produce up to 800 GW hours of electricity per year

500 local jobs
The construction phase of the project is expected to create over 500 local jobs

22%
Expected to supply up to 22% of Niger's electricity demand[4]

First power 2027
Project sanction expected in 2025 and first power targeted in 2027

A visual representation of Savannah's Parc Eolien de la Tarka wind farm project, Niger

Following a desktop study of birds and bats in January 2023, and as part of the ongoing ESIA scoping report, in May 2023 we commenced on-site monitoring of flora and fauna at Tarka with the monitoring of local bat populations using a combination of acoustic and physical monitoring. In June 2023, we undertook further studies of local fauna, mapping habitats of animals, including lizards and snakes. We also conducted social studies, designed to assess the potential impact of the project on local communities, with over 400 local household surveys completed by June 2023.

Read more about the bird and bats surveys for our Parc Eolien de la Tarka project on page 64.

In September 2023, having completed one year of wind measurements from our 100m meteorological mast, we found that wind speeds at Tarka were higher than our initial assessments, resulting in an increase in estimated power production to 800 GWh per year from 600 GWh per year. Using our recorded data (wind speed, wind direction, temperature, pressure, and humidity), we have worked with wind turbine suppliers to provide an optimised technical solution, utilising fewer wind turbines with a higher capacity than originally envisaged, to meet the same proposed generation capacity of up to 250 MW.

Post-year end, in Q1 2024, we submitted our ESIA scoping report to the Government of Niger, with the following key findings:

- No endangered flora or fauna were detected at Tarka;
- The wind farm's layout has been iteratively designed to minimise its potential impact on the local community; and
- A suitable framework has been established to identify and compensate impacted landowners.

During H2 2024 we plan to continue the ongoing ESIA field work and complete the additional studies required for the submission of the full ESIA report. We will also initiate a land parcel survey, the purpose of which is to identify ownership of the land, and register this with the local organisations responsible for the administration of land tenure and security. We plan to work with the local university on this project and link it to a cartography training programme for its students.

Niger solar projects key facts

Up to 200 MW

Two solar photovoltaic power plants of up to 100 MW each, expected to be located within 20 km of the cities of Maradi and Zinder, respectively, in southern Niger

Grid connection

Expected to be connected to the South Central section of Niger's electricity grid

Avoiding up to 260 kt of CO_2

Expected to avoid up to 260,000 tonnes of annual CO_2 emissions[3]

12%

Expected to supply up to 12% of Niger's electricity demand

First power 2027

Project sanction expected in 2025 and first power targeted in 2027

Niger solar projects

In May 2023, we announced the signing of a Memorandum of Agreement with the Government of Niger for the development of two photovoltaic solar power plants, expected to be located within 20 km of the cities of Maradi and Zinder, in southern Niger. Each plant is expected to have an installed capacity of up to 100 MW, for a total potential installed capacity of up to 200 MW. The photovoltaic solar projects are expected to generate reliable, affordable energy for Niger and supply up to 12% of Niger's electricity demand, based on 2026 energy demand predictions. The projects are also expected to result in the avoidance of up to an estimated 260,000 tonnes of annual CO_2 emissions[3].

In June 2023, we continued assessing the suitability of the Maradi and Zinder sites and held a visit for key stakeholders, including governors, mayors and religious leaders. To ensure open and productive dialogue with regulators, we also held meetings with the heads of the regional Nigelec offices, the electric power generation and transmission utility in Niger.

Post-year end, in Q1 2024, we presented the preliminary commercial and technical proposals to the Government of Niger. These projects are now operating on a timeline with a sanctioning decision expected in 2025, for first power in 2027.

Location of our renewable energy projects in Niger

An example of a solar farm, similar to those envisaged for Savannah's proposed solar projects in Niger

Refreshing our sustainability strategy

"We have conducted a fresh double materiality assessment this year to ensure we remain current on the sustainability issues which are important to our stakeholders. We are also pleased to have published disclosure reports in accordance with TCFD, SASB, GRI and our chosen UN SDGs."

Sally Marshak
Group Head of Investor Relations and Communications

Introduction

In line with best practice, our sustainability strategy is based on an in-depth materiality assessment, involving extensive consultations with internal and external stakeholders, which identifies the material and important sustainability issues for the Company. These are grouped into our four core sustainability pillars, which are set out opposite, together with our ambitions for each. Our four sustainability pillars are linked to a range of key sustainability metrics that we measure across our business and are aligned with 13 specific United Nations Sustainable Development Goals ("UN SDGs"), where we aim to make a positive impact. Our first disclosure report in accordance with our 13 chosen UN SDGs is shown in the table on page 70 and in each pillar section of this review.

During 2023 we were pleased to publish our first disclosure reports in accordance with the Task Force on Climate-Related Financial Disclosures ("TCFD") and the Sustainability Accounting Standards Board ("SASB") standards in respect of 2022 data and, post-year end, our maiden report in accordance with the Global Reporting Initiative ("GRI") in respect of 2022 data. These are available to download from our website: www.savannah-energy.com.

In this Sustainability Review, we are providing an updated TCFD disclosure report in respect of 2023 data and our maiden disclosure report in accordance with the UN SDGs. We also plan to publish updated disclosure reports for SASB and GRI in H2 2024 in respect of 2023 data. These reports cover an extended range of sustainability issues and answer questions particularly relevant to the oil and gas industry, according to a prescribed structure and metrics set out by each of the particular standards.

We have worked to increase the transparency of our sustainability reporting and, for the first time, are providing within this Sustainability Review a data table summarising all sustainability metrics from the years 2021 to 2023 (see page 89). We have also added two new reporting metrics this year, fatalities, and health and safety training hours, in line with feedback from stakeholders arising from the latest materiality assessment.

Basis of reporting

Our environmental emissions data (relating to Pillar 4) is reported on an equity share basis for all assets where we have a financial interest, regardless of whether we have operational control or not. As we prepare to incorporate additional assets into our portfolio, where, for example, we may not have operational control, this approach to emissions accounting ensures that our emissions are being transparently reported. This approach is consistent with the World Resources Institute Greenhouse Gas Protocol (Equity Share Approach) and is also in line with our financial reporting.

Where we refer to emissions from years prior to 2022 (the year in which we adopted the equity share approach) in this report, we have restated them according to our equity share organisational reporting boundary. Data relating to Pillars 1, 2 and 3 is reported on a 100% basis for all assets. Note that our equity share of Stubb Creek production has changed from 20.0% in 2021, to 25.4% in 2022 and 32.8% in 2023. The changes in our equity share over this period have consequently increased our total reported Scope 1 GHG emissions between 2021 and 2023 by approximately 5%.

All data covers the period from 1 January to 31 December 2023, unless otherwise noted.

Savannah's four sustainability pillars

	1 Promoting socio-economic prosperity	2 Ensuring safe and secure operations	3 Supporting and developing our people	4 Respecting the environment
Material issues	• Socio-economic prosperity. • Local content and responsible procurement. • Community engagement and development.	• Security and human rights. • Health and safety.	• Workforce culture and engagement. • Training and development.	• Climate change and the energy transition.
Important issues	• Tax transparency and contribution.		• Equal opportunity. • Ethics and compliance.	• GHG emissions. • Biodiversity.
Topics to monitor	• Lobbying and political donations.			• Waste management. • Local air quality. • Water management. • Decommissioning and restoration.
Ambitions	• Make a positive difference to the socio-economic development of our host countries. • Build strong and meaningful relationships with our local communities based on mutual trust and benefit. • Enhance value creation potential by championing the development of local content.	• Continually prioritise and improve upon the safety and security of our work environment.	• Cultivate a winning and inclusive culture to position our employees and the business for success. • Recruit, develop and retain the best talent through our commitment to professional development.	• Deliver a cleaner performance by minimising our GHG emissions, and grow our Renewable Energy Division.
Aligned with UN SDGs				

Read more about our commitment to the UN SDGs on page 70

Sustainability review continued

2023 materiality assessment

Post-year end in Q1 2024, we conducted a double materiality assessment to ensure we remain current on the sustainability issues which are relevant to Savannah and our stakeholders. In a double materiality assessment, each topic is evaluated from two perspectives:

- The impact that a topic has on the value and successful running of a company, known as financial materiality; and
- The impact that a company's activities have on a broad range of stakeholders, known as impact materiality.

For our 2023 materiality assessment, we chose to broadly align our material issues with the topic categories from the GRI Sector Standard for Oil and Gas (GRI 11: Oil and Gas Sector 2021). This standard focuses on topics that are relevant to companies operating in the oil and gas industry.

We carried out a stakeholder engagement exercise to determine impact materiality, comprising a survey and workshops with 46 selected employees who acted as proxies to represent the views of our five key stakeholder groups:

- Employees;
- Host countries and communities;
- Government, regulators and local authorities;
- Lenders; and
- Customers, suppliers and partners.

Additionally, we conducted a separate assessment of the views of our shareholders, whom we engaged with directly by means of surveys. The findings of the impact materiality assessment were discussed at a workshop with the senior executive team, which then provided its input on financial materiality from the Company's perspective.

The key outcomes of our latest materiality assessment are:

- The number of topics has been reduced to 18 (from 20) and the topic numbers have been updated to reflect the order of their importance;
- The previous mental health and wellbeing topic has been incorporated into the health and safety topic, and the previous energy and transport efficiency topic has been incorporated into both the GHG emissions topic and the climate change and energy transition topic;
- The topics are now grouped into three categories – "material", "important" and "topics to monitor" (previously the categories were just "material" and "topics to monitor");
- The number of material issues has reduced from twelve to eight. However, we also have five topics in the new "important" category as well as five in the "topics to monitor" category;
- Climate change and the energy transition, and local content and responsible procurement have increased in importance and are now considered to be material issues;
- Issues that were previously considered material, which are now considered important, include GHG emissions, biodiversity, tax transparency and contribution, and equal opportunity; and
- Water management was previously considered material but is now considered to be a topic to monitor.

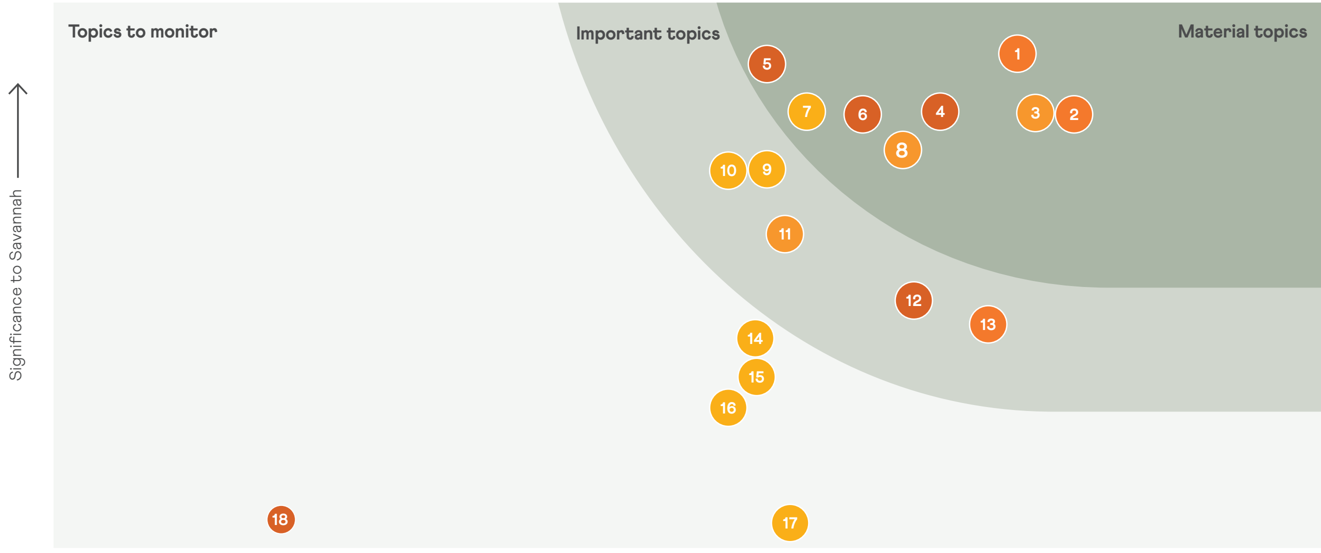
The materiality assessment also identified some suggestions for improving Savannah's sustainability strategy and reporting. Consequently, the number of fatalities, and health and safety training hours have been included as new metrics in the 2023 reporting.

Governing sustainability at Savannah

Direct oversight for the management of sustainability issues rests with the Chief Executive Officer, who reports to the Board. He is supported in this by the relevant members of the senior management team who assess the risks and opportunities, define the sustainability strategy and direct activities to control and mitigate sustainability risks and explore opportunities. Assessing and managing sustainability-related risks and opportunities are part of the broader management's role and responsibilities at Savannah. Savannah has a Risk Manager who manages the corporate risk register and collates information for the management of risks. The Group is structured in such a way that risk management is conducted at all levels across the Group and this approach is embedded within all of our business practices.

The Board's Health, Safety, Environment, Security and Risk ("HSES&R") Committee reviews the progress against the operational plan. The Committee's remit includes ensuring that there is an appropriate framework of policies, procedures, systems and controls in place to manage key sustainability issues. In February 2023 the Board approved the transfer of risk responsibilities from the Audit and Risk Committee to the Health, Safety. Environment and Security ("HSE&S") Committee. To reflect this change in remit of the two Committees, the HSE&S Committee became the HSES&R Committee, while the Audit and Risk Committee became the Audit Committee. The current composition and role of each Board Committee can be found on our website: www.savannah-energy.com.

Savannah's materiality matrix



Pillar 1 Promoting socio-economic prosperity · Pillar 2 Ensuring safe and secure operations · Pillar 3 Supporting and developing our people · Pillar 4 Respecting the environment

Topics to monitor

Pillar	Topic	Description
P4	14	Waste management
P4	15	Local air quality
P4	16	Water management
P4	17	Decommissioning and restoration
P1	18	Lobbying and political donations

Important topics

Pillar	Topic	Description
P4	9	Greenhouse gas ("GHG") emissions
P4	10	Biodiversity
P3	11	Equal opportunity
P1	12	Tax transparency and contribution
P3	13	Ethics and compliance

Material topics

Pillar	Topic	Description
P2	1	Security and human rights
P2	2	Health and safety
P3	3	Workforce culture and engagement
P1	4	Socio-economic prosperity
P1	5	Local content and responsible procurement
P1	6	Community engagement and development
P4	7	Climate change and the energy transition
P3	8	Training and development

Looking ahead

Savannah plans to de-bottleneck the Stubb Creek EPF in the 12 months following completion of the SIPEC Acquisition in order to increase oil production capacity by approximately 2.7 Kbopd to around 4.7 Kbopd. Associated with this project are plant upgrades which will substantially reduce gas flaring at Stubb Creek. We continue to work hard to manage our projects responsibly and embed sustainability considerations into our core business as it evolves.

Savannah continues to be committed to identifying and adopting best practices across the Company, as well as implementing our sustainability strategy across our expanding portfolio.

Sustainability review continued

Savannah's 2023 disclosure report in accordance with our 13 chosen United Nations Sustainable Development Goals

UN SDG	UN SDG target	Contribution by Savannah	More information
1 NO POVERTY	End poverty in all its forms everywhere. Read more in "Why we do what we do" on page 10	Our purpose is to meaningfully contribute to the economic development of the countries in which we operate through the development of businesses and projects that make a material difference to those countries, thereby helping to lift their citizens out of poverty. Over 35% of people in sub-Saharan Africa are defined by the World Bank as living in extreme poverty[1] (i.e. have incomes of less than US$2.15 per day) and lack access to electricity. There is a strong correlation between GDP per capita and power consumption per capita. Energy poverty in Africa is the principal problem Savannah is seeking to help solve.	**Page 72**
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote wellbeing for all ages.	Energy is critical to enabling and sustaining quality of life. This can be seen by the positive correlation between power consumption per capita, and life expectancy and lifetime health outcomes. With respect to our operations, our strong HSE&S culture safeguards the safety and human rights of our people, contractors, suppliers and visitors.	**Pages 76 and 84**
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Energy access is positively correlated with key human development metrics including those associated with educational attainment, life expectancy and quality of life. Within Savannah, our approach to training and development in the workplace also supports quality education. We deliver a full programme of on-the-job and classroom-based learning to our employees.	**Pages 72 and 80**
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all.	Our social impact investment focuses on improving local living standards, including the provision of drinking water through the construction of water boreholes and wells in Nigeria and Niger respectively. Since 2014 Savannah has provided over 20 drinking water boreholes to communities in Akwa Ibom and Cross River State Nigeria and five in Niger.	**Page 84**
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all. Read more about our renewable energy projects on page 60	Over 600 million[2] people in sub-Saharan Africa lack access to electricity. Savannah is focused on the provision of both hydrocarbon and renewable energy. In Nigeria, we play a strategic role in supporting the delivery of affordable and reliable electricity, supplying gas which enables approximately 20% of the country's thermal electricity generation capacity. Through our Renewable Energy Division, we aim to deliver utility-scale renewable energy projects across Africa, generating clean, competitively priced electricity for millions of households. We currently have up to 696 MW of renewable energy projects in motion.	**Page 72**
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Our approach to local content, responsible procurement and tax payments plays an important role in supporting decent work and economic growth. Our commitment to sourcing talent from our host communities creates stability through long-term employment and supplier relationships.	**Pages 72, 76 and 80**
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	Since 2014, Savannah has invested some US$1.7 billion in the provision of infrastructure in Nigeria, including the construction of our 200 MMscfpd nameplate capacity Uquo CPF, c. 260 km pipeline network and upstream field developments. Savannah's forward growth plans are focused on the addition of new customers, both power stations and new lower volume, high-value industrial customers whose typical alternative source of power is from higher cost, higher carbon footprint, diesel-fuelled generation. Our Renewable Energy Division is focusing on developing utility-scale energy projects, and currently has up to 696 MW of hydroelectric, solar and wind projects in motion.	**Pages 72 and 84**
10 REDUCED INEQUALITIES	Reduce inequality within and among countries. Read more in "Why we do what we do" on page 10	In sub-Saharan Africa, aggregate annual electricity consumption is estimated to be only 8% of that which an average UK citizen consumes[3]. Access to energy is essential for economic development and human progress and plays a key part in reducing inequality. Savannah's purpose is to meaningfully contribute to the economic development of the countries in which we operate through the development of businesses and projects that make a material difference to those countries, helping to reduce inequality both within and among our countries of operation. Savannah also strongly believes that diversity throughout the organisation builds a strong workforce and improves business performance. We are committed to being an equal opportunities employer in all of our countries of operation, 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.	**Page 72**

UN SDG	UN SDG target	Contribution by Savannah	More information
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable. **Read more** in "Why we do what we do" on page 10	For much of Africa, the primary issue for cities and communities is around people being given access to reliable and affordable power. There is a strong correlation between GDP per capita and power consumption. It seems almost impossible for a country to meaningfully develop without access to power. Savannah's purpose is to meaningfully contribute to the economic development of the countries in which we operate through the development of businesses and projects that make a material difference to those countries. Through our involvement we aim to help make the cities and human settlements in our host countries inclusive, safe, resilient and sustainable.	Page 72
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	In 2022 the European Union endorsed natural gas as a transition fuel under its sustainable taxonomy. We supply gas to enable approximately 20% of Nigeria's thermal power generation capacity and are investing in the development and operation of utility-scale renewable hydroelectric, solar and wind projects in Africa. For example, our wind and photovoltaic renewable projects in development in Niger are expected in aggregate to supply up to 34% of Niger's electricity demand at the commencement of project. In all our host countries, we are focused on ensuring that we manage our operations as efficiently as possible to respect the environment.	Pages 72 and 84
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.	Our approach to respecting the environment and commitment to minimising our GHG emissions, where practicable, makes a direct contribution to tackling climate change. We are also investing in utility-scale renewable energy projects in Africa with up to 696 MW of hydroelectric, solar and wind projects currently in development and a target of up to 1 GW+ of projects in motion by end 2024 and up to 2 GW+ by end 2026.	Page 84
15 LIFE ON LAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	We have put in place a Biodiversity Action Plan for Stubb Creek to minimise any impacts from our operations on biodiversity. All Stubb Creek Facilities in Nigeria are within the protected area of the Stubb Creek Forest Reserve. The Biodiversity Action Plan for the Stubb Creek Forest Reserve establishes measures to protect biodiversity in this area.	Page 84
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	We maintain high standards of governance, conduct and accountability through the implementation of an Anti-Corruption and Anti-Money Laundering Policy, a whistleblowing hotline and other supporting mechanisms. In December 2022, Savannah joined the Extractive Industries Transparency Initiative ("EITI") in support of EITI's mission to promote the open and accountable management of oil, gas and mineral resources. Savannah's operating subsidiaries in Nigeria have aligned with the EITI Principles since 2015 and submit to an annual audit.	Page 72

What our stakeholders say

"The relationship we have with Savannah Energy is symbiotic. The pipeline runs through our communities, demanding from us a duty to protect and, from the Company, a responsibility to reciprocate. The burden of reciprocation is not light, considering the length of the pipelines and the number of communities impacted.

I think that we have been lucky to have benefited from Savannah Energy's corporate social responsibility. Through the Company, we have a functional potable water supply and educational support in our communities. I am optimistic that with the introduction of the Petroleum Industry Act, our communities will benefit from more projects and programmes."

Eteidung Obong Corinth Nathaniel Udo, Village Head
Village of Ikot Nsung Ikono, Uyo Local Government Area, Akwa Ibom State, Nigeria

Sustainability review continued

Pillar 1: Promoting socio-economic prosperity

A community from the Tahoua Region of southern Niger, situated near to Savannah's Parc Eolien de la Tarka wind farm project, Niger

The first pillar of our sustainability strategy is to promote socio-economic prosperity within the countries in which we operate.

Access to energy is essential for economic development and human progress, and is positively correlated with many other key human development metrics including those associated with educational attainment, life expectancy and quality of life. Energy is clearly therefore the critical enabler of human activity.

Savannah's gas enables approximately 20% of Nigeria's thermal power generation capacity. In Niger, we are participating in a wider energy sector project which is forecast to contribute up to 13% of Niger's GDP by 2025, and expected to accelerate economic growth by an estimated 27% and increase exports by 89% in 2025 versus 2023 levels[4].

Through our Renewable Energy Division, we aim to deliver utility-scale renewable energy projects across Africa, generating clean, competitively priced electricity for millions of households. Currently we have up to 696 MW on renewable energy projects in motion.

In addition to the socio-economic benefits of our core business, we provide a positive economic contribution through tax payments and payments to our people, suppliers and contractors.

Read more about "Why we do what we do" on page 10

2023 performance

- Our Total Contributions[(d)] to our host countries were US$52.0 million in 2023.
- Our social impact investment in 2023 was US$0.4 million.
- We spent US$23.5 million in 2023 with local suppliers and contractors in Nigeria and Niger.

2024 objectives

Develop targeted impact metrics that reflect Savannah's expanded portfolio and that further measure Savannah's contribution to socio-economic prosperity in our host communities and countries.

Strategic objectives

1 2 3 4

Principal risks

4 5 7 9 11 12 14

Contribution to UN SDGs

Reporting metrics

- Total Contributions[(d)] in US$.
- Social impact investment in US$.
- Payments to local suppliers and contractors in US$.

Creating a positive impact

Our approach

Our ambition in the first pillar of our sustainability strategy is to make a positive difference to the socio-economic prosperity in our host communities and countries. Extreme poverty alleviation is the most important issue facing African countries today, with 36% of sub-Saharan Africans classified as suffering from extreme poverty[6]. The World Bank also calculates that only 57% of Africans have access to electricity[7]. Studies have shown the strong relationship between power consumption, income levels and broader human development metrics; ceteris paribus, the higher a country's per capita power consumption, the higher GDP per capita, and the higher those human development metrics are expected to be. Therefore, energy poverty alleviation would substantially contribute to solving Africa's extreme poverty problems. That is why we focus on providing our host countries with energy to drive socio-economic prosperity.

We have been exploring how to best evaluate and quantify robustly the socio-economic impacts of our core business activities in the countries in which we operate. We plan to progress with this work in H2 2024.

Read more about "Why we do what we do" on page 10

Using energy to drive prosperity

Savannah supplies gas to enable approximately 20% of Nigeria's thermal power generation capacity, playing a strategic role in providing a reliable supply to power stations and industrial users. In 2023 we signed new and extended gas sales agreements with five customers and delivered gas to nine customers in total.

> "We are a pan-African energy and resources company seeking to deliver excellent performance for our stakeholders. We want to meaningfully contribute to the economic development of the countries in which we operate through the development of businesses and projects that make a material difference to those countries."

Andrew Knott
Chief Executive Officer

In Niger, we are participating in a wider energy sector project which is forecast to contribute up to 13% of Niger's GDP by 2025, and expected to accelerate economic growth by an estimated 27% and exports by 89% in 2025 vs. 2023 levels[4]. We expect to tie our planned production from the R3 East Early Production Scheme directly into the new Niger-Benin export pipeline, which became fully operational in Q2 2024.

In March 2022, we announced plans to build and operate Niger's first wind farm, which is expected to increase Niger's on-grid national electricity consumption by up to 22%, create 500 jobs in the construction phase alone and reduce the cost of electricity for Nigerien citizens. This work continued to progress throughout 2023 and a number of key technical studies were completed.

Post-year end in February 2024, the Environmental and Social Impact Assessment Scoping Study was submitted to the Niger National Environment and Assessment Office.

Read more about our Parc Eolien de la Tarka wind farm project in Niger on page 64

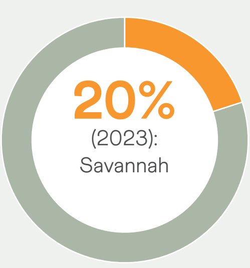
At a local and regional level, Savannah creates significant socio-economic impact. Our impact includes payments to employees, contractors and suppliers as well as social impact investment in community projects. This contribution has a multiplier effect, creating economic impacts in the wider community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

Our performance in 2023

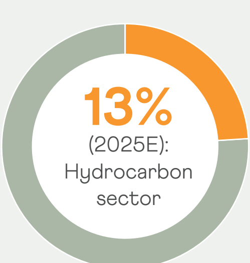
In 2023 our Total Contributions[(d)] were US$52.0 million. These comprised of local salaries, government payments and payments to local suppliers.

Economic impact

Contribution to Nigeria's thermal power generation capacity 2023



Estimated contribution to Niger's GDP 2025[4]



Sustainability review continued
Creating a positive impact continued

Strategy in action: case study
Supporting education and training in Nigeria

The Savannah Energy Education and Internship Training programme initiated in February 2023 is a collaboration between Accugas, Savannah's midstream subsidiary in Nigeria, and the Inoyo Toro Foundation, a non-profit educational foundation based in Akwa Ibom State, Nigeria. The programme is aimed at enhancing access to quality education in Akwa Ibom and Cross River States, Nigeria, and includes:

- Teachers' Awards for excellence in teaching by public secondary school teachers in Biology, Chemistry, English, Mathematics and Physics;
- Grand Mentors' Awards for teachers who successfully mentor other teachers to become award winners in the five selected subject categories;
- Principals' Awards for exceptional school heads providing a conducive teaching and learning environment for teachers and students;
- Awards of full university education scholarships (fees and living costs) to up to 50 students each year covering the number of years required to obtain a degree in their chosen field of study within any university (private or public) in Nigeria; and
- Internship opportunities for the students receiving Savannah scholarships.

In November 2023, Accugas granted full university education scholarships to 50 students from Akwa Ibom State through the programme. These students, who were selected through a rigorous screening process led by university professors, were presented with the scholarships during the 2023 Annual Teachers/Scholarship Awards held in Uyo, Akwa Ibom State.

The programme also presented awards to 19 secondary school teachers, three principals and five mentors of secondary school teachers, who have positively impacted their pupils in Akwa Ibom State public secondary schools.

Education is an important part of Savannah's sustainability strategy, where our first pillar focuses on promoting socio-economic prosperity within the countries in which we operate, aligned to UN SDG 4 – Quality Education. The programme is an example of how we are contributing to the development of our host communities in Nigeria.

In H2 2024, Savannah intends to expand the scope of the 2023 programme to include the following elements:

- We plan to establish Environmental Awareness Clubs across 20 public secondary schools in Akwa Ibom and Cross Rivers States. These clubs will hold debates and competitions amongst themselves on topical issues such as pipeline protection and safety, hydrocarbons, climate change and the "Arise Agenda" of the Akwa Ibom State government. This will culminate in a quiz competition where the five best students will be part of the next batch of undergraduate scholarship beneficiaries.
- We plan to hold two-day coaching sessions with the undergraduate scholarship beneficiaries in leadership development, mentorship and career guidance. The plan is to hold two sessions in 2024.
- We plan to hold a training session for the teachers and principals who won awards at last year's award ceremony. The training session aims to further provide the teachers with up-to-date teaching skills as well as preparing them to help and support other teachers to win Teachers Awards, thereby becoming Grand Mentors.

L-R: Prof. Enobong Joshua, Chairman of the Screening Committee, Inoyo Toro Foundation; Nkoyo Etuk, Head, Stakeholder Relations and Regional Manager, South East, Savannah, Nigeria

Making difference in areas of operations

We advocate promoting local employment and development opportunities to drive local socio-economic prosperity. In 2023 we employed 175 people in Nigeria (2022: 177), of whom 99% were Nigerian nationals, and in Niger we employed 18 people (2022: 17), all of whom were Nigerien nationals. Through formal training and on-the-job development with experienced Savannah employees, we continue to build the capability of the local workforce in our host countries.

Savannah operates a global procurement policy across the Group as we have a significant supply chain impact. In 2023, we spent US$23.5 million (2022: US$22.9 million) with local contractors and suppliers. The policy ensures all our contractors and suppliers meet the same standards and practices for all our operations, with some exceptions for specific local regulations. This approach affords opportunities for shared optimisation across regions but also enforces high standards because we recognise that the nature and context of our business exposes us to the potential risk of fraud, bribery, modern slavery and human trafficking. In our centralised vendor performance management system, we actively monitor the performance of all our suppliers and require re-qualification every three years.

Investing in social impact

Following the enactment of the Petroleum Industry Act ("PIA") 2021 in Nigeria, social impact projects in Nigeria are now implemented by our host communities directly, through the establishment of Host Community Development Trusts ("HCDTs") for each asset. The implementation of the PIA brought about a substantial change during 2023 in terms of how companies deliver community projects in Nigeria, with the majority of funding for projects now being channelled directly through the HCDTs. As an operator, under the regulations governing the PIA, Savannah is now obligated to remit 3% of its operational expenditure per asset to fund the corresponding HCDT.

Savannah's three Nigerian assets (Accugas, Stubb Creek and Uquo) did not carry out social impact projects in 2023 owing to the delayed release of the regulations guiding the implementation of HCDTs, but, following the publication of new upstream regulations for Stubb Creek and Uquo in June 2022, we have now set up HCDTs for them. We are awaiting the new mid-stream regulations for Accugas in order to set up its HCDT.

Outside the requirements of the new HCDTs, Accugas launched its new Nigerian flagship education programme in 2023, established in collaboration with the Inoyo Toro Foundation and aimed at enhancing access to quality education in Akwa Ibom and Cross Rivers States.

Read more about our SEE-IT programme on page 74.

Also outside of the HCDTs, we continued our Graduate Internship programme in Nigeria during 2023, providing 14 one-year graduate internships to members of our host communities.

In Niger, although political events during 2023 affected the delivery of our social impact projects, we successfully delivered three health projects, including a diabetes and hypertension screening and awareness campaign, the donation of medicines to the N'Gourti district hospital and the repair of the N'Gourti district hospital's ambulance.

Due to the change in the funding mechanism in Nigeria, we have decided it is no longer appropriate to report the "number of social impact projects" metric but we will continue to report our social impact investment figures annually.

Looking ahead

Savannah is committed to further strengthening our contribution to socio-economic prosperity in our host communities and countries. For 2024, we plan to develop targeted socio-economic impact metrics that reflect Savannah's expanded portfolio for 2024 and that further measure Savannah's contribution to socio-economic prosperity in our host communities and countries.

Strategy in action: case study

Supporting communities in Cameroon

We have strong links to the communities in which we operate. In 2023, we sponsored the "Living Together" football tournament in Nganha, a municipality in the Adamawa Region of Cameroon, where we are developing our up to 95 MW Bini a Warak hybrid hydroelectric and solar power plant.

The football tournament was held over the course of a week with 10 teams from the three principal areas of Nganha: Secteur Goudron; Secteur Nganha Centre; and Secteur Plateau. The tournament brought together the three major ethnic groups in the Nganha district, the Dii, the Peulh (Fulani) and the Mbum, fostering greater interaction between young people in the region.

As part of our sponsorship, we provided accommodation and meals as well as football kits to each of the 10 teams participating in the tournament, and also awarded trophies and medals to the eventual winners. The sponsorship of this tournament aligns closely with Pillar 1 of our sustainability strategy, which is designed to promote socio-economic prosperity through a variety of strategies, including community engagement and development. This sponsorship programme is aligned to our chosen Sustainable Development Goals, including UN SDG 11 – Sustainable Cities and Communities, and UN SDG 16 – Peace, Justice and Strong Institutions.

L-R: Mr. Bissa Fabrice, Sub-Prefect of Nganha (in yellow); Mr. Raoul Kouakam Mbenjo, Savannah PR consultant (in white), with the winning football team

Pillar 2: Ensuring safe and secure operations

In line with our sustainability strategy, we are unwavering in our commitment to health and safety.

Through innovative practices and a steadfast dedication to protecting our workforce and the environment, we strive to set new standards, ensuring a safe and secure future for all.

L-R: Rowland Obot, Laboratory Technician; Essien Abai, Laboratory Supervisor, Savannah's Uquo CPF, Nigeria

2023 performance

- Our LTIR was zero per 200,000 working hours (2022: 0.34).
- Our TRIR was zero per 200,000 working hours (2022: 0.68).
- There were zero fatalities (2022: zero).
- We recorded 10 security incidents (2022: 11).
- We covered 1.42 million km with two transport-related incidents (2022: one in 1.38 million km).
- Our RTAR was 0.28 (2022: 0.14).
- We delivered 4,988 health, safety and environment training hours in 2023 (2022: 861).
- We continued to act in accordance with internationally recognised human rights standards.

2024 objectives

- Continue to develop and implement training and knowledge transfer to embed a zero-harm culture.
- Continue to enhance driving awareness through safety campaigns centred around promoting responsible and secure driving practices.

Strategic objectives

1 2 3

Principal risks

12 14

Contribution to UN SDGs

Reporting metrics

- LTIR.
- TRIR.
- Number of fatalities (new for 2023 reporting).
- Number of security incidents.
- Number of transport incidents.
- Total length of journeys safely managed.
- RTAR.
- Health, safety and environment training hours (new for 2023 reporting).

Further strengthening our HSE&S culture

Our approach

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

We continue to develop global health and safety, environment and security management systems that create a robust compliance environment with policies, procedures, systems and controls aimed at embedding a positive safety culture inside and outside our Company. This allows us to measure, mitigate and/or minimise our health and safety, environmental and security risks, and learn from accidents, incidents and near misses. Led by Antoine Richard, our Chief Operating Officer, we continuously refresh our training and development opportunities to reinforce our commitment to an injury-free working environment for our employees, contractors, suppliers and visitors.

LTIR

Year	Value
2023	Zero
2022	0.34

TRIR

Year	Value
2023	Zero
2022	0.68

"We pride ourselves on our strong safety performance. We continuously adapt to ensure a secure workplace and we are eagerly looking forward to engaging in new activities in the coming year with a steadfast commitment to health and safety."

Antoine Richard
Chief Operating Officer

Strategy in action: case study

Two milestone achievements for working hours without an LTI

Employees celebrating the one million working hours' milestone without an LTI in 2023, Savannah's Uquo CPF, Nigeria

On 11 September 2023, Savannah achieved one million working hours without an LTI since 1 January 2023 across our business operations in Nigeria. An LTI refers to any incident which results in our people or contractors being unable to work due to an injury sustained at work. This was followed by the achievement, post-year end in May 2024, of reaching two million working hours without an LTI since 1 January 2023 across our business operations in Nigeria.

The achievement of these two important milestones is proof of our commitment to promoting health and safety best practices among our employees and contractors, in line with Pillar 2 of our sustainability strategy "Ensuring safe and secure operations" and UN SDG 3 – Good health and wellbeing and UN SDG 8 – Decent work and economic growth. This reflects our dedication to keeping our people, operations and environment safe.

Our executive leadership team, our front-line supervisors and our employees have all contributed to this achievement through their dedication and commitment to upholding the culture of safety in our operations.

Achieving such milestones is a reflection of our effective health and safety management system which includes continuous training to ensure that all employees are equipped with the knowledge and skills necessary to perform their tasks safely.

Sustainability review continued

Further strengthening our HSE&S culture continued

Our performance in 2023

During 2023, Savannah achieved significant progress in enhancing our operational safety through a comprehensive approach. There has been a substantial focus on our training methodologies, involving the identification of specific training needs and the integration of external resources. This initiative is designed to elevate the skill set of our workforce, ensuring a well-prepared and safety-conscious team.

We have made strides in promoting a culture of hazard reporting through the increased utilisation of our QR code reporting system. This proactive system enables employees to promptly report hazards, and our commitment extends to recognising and rewarding those who contribute to safety improvements. Public acknowledgement not only reinforces the importance of reporting but also creates a positive atmosphere that encourages ongoing safety vigilance.

Furthermore, our commitment to safety is reflected in the strengthening of our HSE team. We have introduced field-based HSE officers and a London-based HSE co-ordinator, strategically positioning expertise both at operational sites and in corporate settings. This organisational reinforcement is aimed at ensuring a robust and cohesive approach to health, safety and environmental standards across our diverse operational landscape.

Savannah continued its strong health and safety record in 2023 with a zero LTIR per 200,000 working hours within its operations (2022: 0.34). Our TRIR decreased to zero per 200,000 working hours (2022: 0.68). In particular, on 11 September 2023, Savannah achieved one million working hours without an LTI across our business operations in Nigeria. This was followed by the achievement, post-year end in May 2024, of two million working hours without an LTI across our business operations in Nigeria.

In 2023, there were two transport-related incidents, compared to one the previous year. The RTAR metric was 0.28 (2022: 0.14) based on 1.42 million km driven in Nigeria and Niger (2022: 1.38 million km).

Prioritising security at Savannah

Savannah's focus this year has been to continue to identify all security risks by utilising a holistic approach to mitigating and identifying them before they manifest, and by aligning robust crisis management and emergency procedures to any potential events as they unfold. Therefore, we are continually kept abreast with the latest information to allow us to assess and moderate threats and risks as they develop to ensure we are affording our staff the safest environment possible in which to operate.

At Savannah we are mindful that certain procedures and security protocols that work in one country of operations do not necessarily apply in others where we operate. To account for this, our local asset protection teams are empowered to continually develop, evolve and pressure test their procedures. We use information services to track security developments and also continually engage with local communities and host governments. This is to ensure all our staff, organisational assets and systems remain uncompromised for the delivery of effective safe and secure operations.

"We have allocated additional resources to training initiatives. This strategic move aims to fortify our workforce's capabilities, enhance operational efficiency and ultimately contribute to a safer and more resilient operational environment."

Chris Grubb
Group Head of Health, Safety and Environment

In 2023, we conducted regular country specific security risk and threat assessments for our areas of operation and future project locations for predictive and preventive purposes. As a result, we have further developed our crisis management and emergency response planning, ensuring not only that we operate safely but also that we remain transparent to our stakeholders. We remain committed to acting in accordance with internationally recognised human rights standards. Savannah has a stringent set of policies, regulations and work practices, underpinned by our Human Rights Policy and our Code of Ethics.

Looking ahead

We plan to:

- Continue to develop and implement comprehensive training, best practice and knowledge transfer in relation to HSE&S;
- Continue to promote the greater involvement of the local communities to assist with security-related issues along our pipeline network in Nigeria;
- Continue to place a strong focus on activities related to transportation, ensuring the wellbeing and safety of our employees remains a paramount concern;
- Ensure compliance with environmental regulations over all assets;
- Encourage reporting of incidents and near misses on the QR code system and continue rewarding good observations; and
- Conduct internal audits, safety inspections and maintenance to ensure compliance.

What our stakeholders say

"Savannah Energy's strength lies in its relationship with its host communities and stakeholders. Regular engagement with host communities has ensured that real and perceived issues are proactively managed and not allowed to escalate. The involvement of the communities in the maintenance of the pipeline "Right of Ways", through their Green Team Initiative, not only ensures the safety of the pipeline facilities but also provides an opportunity to have direct and constant engagement between the communities and the Company.

Savannah Energy understands that some of its host communities are in remote areas in dire need of basic social amenities. It has initiated some life-touching projects like the provision of potable drinking water and the donation of hospital and educational equipment to some of our communities here in Cross River State. The water projects have been very helpful."

HRH Etubom Eyo Ekpenyong Eyo Honesty II, Clan Head of Eyo Effiom (Eyo II)
Creek Town, Odukpani Local Government Area, Cross River State, Nigeria.

Strategy in action: case study
Pipeline patrols

Through partnership with our footprint communities, we have engaged youths on our Green Team Initiative to maintain and monitor the pipeline Right of Way ("RoW"). About 240 youths are currently engaged on a call-up contract basis for pipeline RoW maintenance and monitoring across 22 local government areas within Akwa Ibom and Cross River States. The Green Team patrols the pipeline in its local areas, clearing any vegetation which obscures clear sightlines along the RoW and checks for any evidence of leaks or damage to the pipeline. This work plays an important part in maintaining the integrity and security of the pipeline as well as protecting the environment.

Members of Savannah's Green Team, Nigeria

Pillar 3: Supporting and developing our people

We are dedicated to fostering the professional and personal development of our employees. Acknowledging the symbiotic relationship between our success and the growth of our team members, we offer avenues for skill enhancement, mentorship and career progression.

Our commitment extends to supporting the aspirations of our employees and cultivating the potential of every individual within our organisation.

L-R: Tolu Omoigiade, Human Resources Adviser; Olatundun Williams, Chief of Staff to the CEO; Wanda Gibson, Senior Office Administrator; Rose Osman, Assistant Company Secretary, Savannah head office, UK

2023 performance

- At the end of 2023, Savannah employed a total of 276 people[8] (2022: 277).
- We provided 15,858 working hours of training (2022: 12,754), an increase of 24%.
- Senior management gender diversity increased to 33% (2022: 32%), while our female representation across the Group increased to 23% (2022: 22%).
- We maintained our local content ratios, with 99% local employees in Nigeria and 100% local employees in Niger (2022: 99% and 100% respectively).
- In the UK, we increased our employee ethnic minority representation to 40% (2022: 38%).

2024 objectives

- Launch a comprehensive leadership development programme tailored for our people leaders.
- Refine our performance management tool.
- Focus on implementing systematic changes to enhance our processes.
- Launch a "Centre for New Ideas" initiative.
- Launch the "Learning Management System".

Strategic objectives

Principal risks

Contribution to UN SDGs

Reporting metrics

- Number of employees.
- Total amount of training in hours.
- Gender diversity percentages for senior management and the Group as a whole.
- Percentage of local employees.
- Ethnic minority representation.

Empowering our colleagues to thrive

Our approach

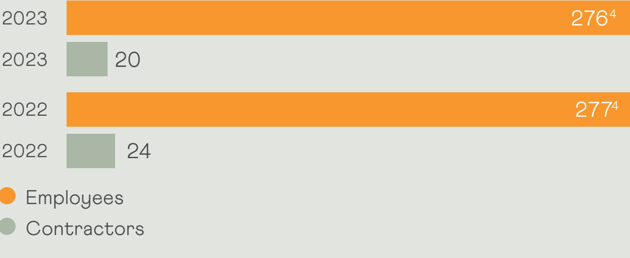
Our ambition in the third pillar of our sustainability strategy is to recruit, develop and retain the best talent across the Group. Hand-in-hand with this goes our cultivation of a diverse workplace, positioning our people and business for success, and developing a winning culture that is grounded in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

We have continued to drive and embed a winning culture across the business through the creation of key initiatives, policies, procedures, systems and controls.

Our performance in 2023

A key focus in 2023 was building a corporate culture of success. This involved the Human Resources and Business Organisation teams working closely with other departments and our staff across our countries of operation.

Throughout the year we provided 15,858 working hours of training (2022: 12,754), an increase of 24%. This translates into an average of 57 hours per person per year (2022: 46), delivered through a mix of in-person and online channels. The increase in training hours was partially driven by the appointment of a new HSE Manager in Nigeria in late 2022, who has focused on implementing a series of training objectives. External instructors have also been utilised to ensure all training needs are met.



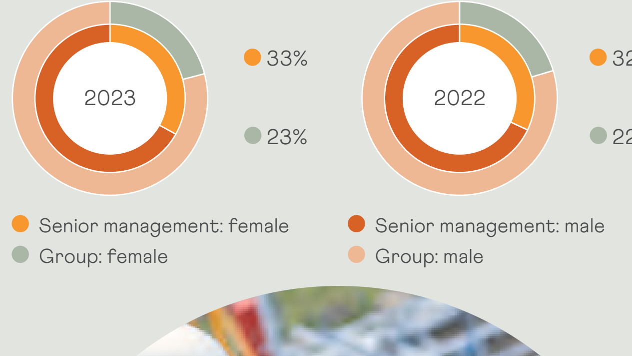
L-R: Pade Durotoye, Managing Director, Savannah, Nigeria; James Wilson, Maintenance Advisor; Chukwudoziem Umunna, Operations Superintendent; Festus Orepo, Health, Safety & Environment Manager, Savannah's Uquo CPF, Nigeria

Sustainability review continued

Empowering our colleagues to thrive continued

Gozie Okeke, Instrumentation and Control Lead, Savannah's Uquo CPF, Nigeria

Gender diversity (%)



L-R: Idorenyin Obot Akpabio, Graduate Intern; Ikwo Udofia, Graduate Intern, Savannah's Uquo CPF, Nigeria

Creating a diverse workplace

Savannah strongly believes that diversity throughout the organisation builds a strong workforce and improves business performance. We are committed to being an equal opportunities employer, with policies in place to ensure that the best person, irrespective of gender, race, disability, ethnicity, religious belief or sexual orientation, is appointed to a particular role or position within the organisation. Our senior management female gender diversity ratio increased to 33% in 2023 (2022: 32%). Gender diversity for the organisation as a whole increased slightly, with female representation rising to 23% in 2023 (2022: 22%).

We maintained our commitment to local content in 2023, prioritising the hiring of local talent, with 99% local employees in Nigeria and 100% local employees in Niger (2022: 99% and 100% respectively). In the United Kingdom, we increased our ethnic minority representation from 38% in 2022 to 40% in 2023. This is a proud achievement given that the 2021 England and Wales census benchmark for a non-white ethnic background is approximately 18.3%.

In upholding our commitment to compliance and ethics, we understand that being transparent about what we do and how we do it is important. There is no greater priority for Savannah than the ethical conduct of our people, and our policies and procedures are designed to foster the right environment. We are dedicated to always acting with integrity and honourably, in strict compliance with all laws, regulation, rules and policies.

Our commitment to ethical conduct is evident in the area of anti-corruption and we operate a zero-tolerance policy towards all forms of corruption and unethical conduct. In furtherance of this, our employees and third parties must adhere to the Company's Anti-Corruption and Anti-Money Laundering Policy.

All employees must undergo the annual mandatory training and obtain certification for anti-corruption and whistleblowing training. We adopt a risk-based approach towards third-party training and will provide mandatory training on anti-corruption where required. Employees are encouraged to report any concerns through the Company's whistleblowing process "Speak Up". This process is the Company's independently administered whistleblower platform with a range of channels available to all employees and third parties to voice concerns without fear of victimisation and/or reprisal.

Fostering employee engagement and ethical behaviours

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

We foster strong ethical behaviours and, as part of that, Savannah sets clear guidelines as to what is acceptable and what is not acceptable. Our Anti-Corruption and Anti-Money Laundering Policy and our Code of Ethics, set out responsibilities shared between the Company and the employee to uphold high standards of behaviour.

Embedding our values

Our five core SEE-IT values 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.

Our SEE-IT values

Sustainability

We seek to deliver sustainable value for our stakeholders.

Excellence

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

Entrepreneurialism

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

Integrity

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

Teamwork

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

Looking ahead

Savannah is committed to supporting and developing our people. We plan to:

- Complete the comprehensive leadership development programme tailored for our people leaders, aimed at defining the essence of effective leadership and achieving success;
- Refine our performance management tool, ensuring a cohesive trajectory outlining our organisational direction and the integral role our people play in this journey;
- Focus on implementing, systematic changes to enhance our processes, thereby improving efficiency and quality;
- Progress the "Centre for New Ideas" initiative to unlock our people's creative potential and cultivate a culture of innovation rooted in continuous improvement; and
- Launch the "Learning Management System", which will enable us to deliver internal training and high-quality third-party content.

What our stakeholders say

"The donation made by Savannah Energy to N'Gourti Hospital strengthens the availability of pharmaceutical products and improves the supply and quality of care at 11 integrated health centres in the district.

This is why the N'Gourti Health District thanks Savannah Energy for its social actions and initiatives that support health and wellbeing in the Municipality of N'Gourti. We reiterate our plea to Savannah Energy to continue this type of support and help better serve the local population in healthcare."

Dr Moussa Karim Abarry
Chief Doctor of N'Gourti Hospital, Niger

4 Respecting the environment

Savannah believes that fossil fuels have a critical role to play in the energy transition in Africa.

Recognising the threat of climate change, we are committed to the responsible stewardship of our assets and operations – both existing and those we seek to acquire in the future – by reducing our GHG emissions where possible and managing our other environmental aspects such as impacts on biodiversity, freshwater use, waste and local air quality. At the same time, we are also focusing on the growth of our renewable energy business, investing in the development of large-scale renewable hydroelectric, solar and wind power projects in Africa.

Wildlife at Savannah's Parc Eolien de la Tarka's wind farm project site, Niger. Photo credits: Abdul Razack, Sahara Conservation

2023 performance

- Our total direct GHG emissions (Scope 1) remained stable at 70,741 tonnes of CO_2e (2022: 71,543 tonnes of CO_2e).
- Our total indirect GHG emissions (Scope 2) were 63 tonnes of CO_2e (2022: 61 tonnes of CO_2e).
- Our carbon intensity ratio was 10.7 kg CO_2e/boe (2022: 9.7 kg CO_2e/boe).
- Our carbon intensity ratio in tonnes of CO_2e/'000 tonnes of hydrocarbons was 78.8 (2022: 71.1).
- Our g CO_2e/MJ carbon intensity ratio was 54.9 g CO_2e/MJ (2022: 52.6 g CO_2e/MJ) for Scope 1, 2 and 3.
- In the United Kingdom, we consumed 139,650 kWh of energy (2022: 112,586 kWh).
- Zero operational hydrocarbon spills (2022: zero).
- 10,592 m^3 of freshwater usage (2022: 8,376 m^3)[9].

2024 objectives

- Commence the Implementation of our carbon and energy management plan for Stubb Creek, including measures to reduce flaring to essential purge and pilot only.
- Develop carbon and energy management plans for our other operational assets in Nigeria.
- Following completion of potential acquisitions, integrate the new assets into our sustainability measurement and reporting framework and consider opportunities for better environmental stewardship of these assets.

Strategic objectives

1 2 3

Principal risks

12 14

Contribution to UN SDGs

Reporting metrics

- Scope 1 GHG emissions in tonnes of CO_2e.
- Scope 2 GHG emissions in tonnes of CO_2e.
- Carbon intensity ratio in kg CO_2e/boe.
- Carbon intensity ratio in tonnes of CO_2e/'000 tonnes of hydrocarbons for Scope 1, 2 and 3.
- Carbon intensity ratio in g CO_2e/MJ.
- Energy consumption in the United Kingdom in kWh.
- Number of operational hydrocarbon spills.
- Freshwater usage in m^3.

Managing our environmental impacts

Our approach

Our ambition in the fourth pillar of our sustainability strategy is to minimise our GHG emissions and manage our impacts on the environment. As an energy producer, we recognise that our impacts extend beyond our direct operations to the transportation and use of our end-products.

Our GHG emissions consist of a range of gases which are all included in our carbon inventory. However, we realise that our environmental impacts extend beyond our GHG emissions and so we also track best practice developments in sustainability reporting and the opinions of our stakeholders with respect to other environmental aspects such as impacts on biodiversity, freshwater use, waste and local air quality. Our key focus is on meeting our regulatory obligations in the countries where we operate through a robust framework of policies, procedures, processes and controls.

2023 saw the introduction of the new Gas Flaring, Venting and Methane Emissions (Prevention of Waste and Pollution) Regulations 2023 in Nigeria. These regulations put in place a system of permits and increased fees for flaring, which apply to our operations. We have prepared a carbon and energy management plan detailing how we plan to minimise flaring at Stubb Creek, while we also plan to develop similar plans for our other operational assets in Nigeria.

Our Renewable Energy Division continues to grow with up to 696 MW of large-scale hydroelectric, solar and wind projects currently in motion.

Read more about our renewable energy projects on page 60

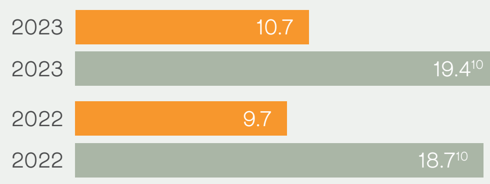
Scope 1 CO_2e GHG emissions
(tonnes)

Scope 1 GHG emissions are emissions that come from sources owned or controlled by an organisation, such as fuel combustion.

Scope 2 CO_2e GHG emissions
(tonnes)

Emissions resulting from the purchase of third-party electricity or national grid company electrical power related to Savannah's offices and headquarters in our three principal countries of operation in 2023.

Savannah vs. Supermajors' carbon intensity[10]
(kg CO_2e/boe)



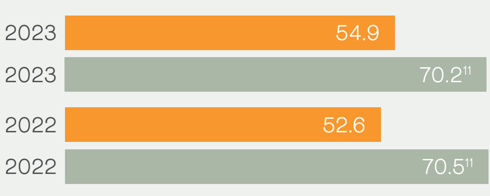
Savannah
Supermajors

Scope 1 carbon intensity
(tonnes of CO_2e/'000 tonnes of hydrocarbons)

Scope 1 carbon intensity
(kg CO_2e/boe)

Scope 1, 2 and 3 carbon intensity
(g CO_2e/MJ)

Savannah vs. Supermajors' carbon intensity[11]
(g CO_2e/MJ)



Savannah
Supermajors

Managing our environmental impacts continued

Our performance in 2023

Our total direct GHG emissions (Scope 1) remained stable at 70,741 tonnes of CO_2e (2022: 71,543 tonnes of CO_2e). Our total average production per day decreased from 20.2 to 18.1 Kboepd on an equity share basis.

Our total indirect GHG emissions (Scope 2) were 63 tonnes of CO_2e in 2022 (2022: 61 tonnes of CO_2e)[9].

The carbon intensity of our Scope 1 emissions was 10.7 kg CO_2e/boe in 2023 (2022: 9.7 kg CO_2e/boe); the slight increase is attributable to fuel gas methane released from the six-week Uquo CPF and pipeline maintenance programme implemented in H2 2023.

We continue to focus on projects to reduce flaring, which contributed 30% of our Scope 1 emissions in 2023 (2022: 40%). There was a decrease in the contribution of flared gas to our total CO_2e emissions in 2023. This is due to a combination of factors: the improved performance of the existing compressor; reduced production; and the contribution of methane emissions from pipeline maintenance operations.

Mitigating our environmental impacts

Beyond our GHG emissions, we recognise that oil and gas production can have other environmental impacts. We are pleased to report that in 2023 we had zero (2022: zero) operational hydrocarbon spills from operations (defined as not greater than one barrel) reaching the environment. We remain focused on avoiding any unplanned discharge that has negative environmental impacts.

We used approximately 10,592 m^3 of freshwater in 2023 (2022: 8,376 m^3)[9].

We aim to minimise any negative impacts on biodiversity. We operate four sites (2022: four) near or adjacent to protected areas of specific biodiversity value. As a result, we have put in place a Biodiversity Action Plan to minimise any impacts from our operations. In addition, for our new-build projects we carry out extensive Environmental and Social Impact Assessments ("ESIAs") in order to identify and evaluate all aspects of the project affecting the local environment and community, and to help us develop management plans to mitigate any adverse impacts and maximise the benefits.

Read more about the bird and bat studies being carried out for our Tarka wind farm project in Niger on page 88.

What our stakeholders say

"Savannah Energy has continued to support communities across Akwa Ibom State with its corporate social responsibility. Most important is the provision of jobs for our youths through the organisation's programmes and projects. Recently, Savannah Energy has impacted the lives of 50 young undergraduates across Akwa Ibom State through the full sponsorship of university scholarships. This will help secure the future of the beneficiaries.

We are determined to provide the enabling environment to ensure that Savannah Energy continues to carry out its operations in a safe and secure environment. We look forward to more positive impact from Savannah Energy."

His Royal Majesty, Odidem Bassey Etim Edet (JP)
Chairman of Supreme Council Traditional Rulers, Akwa Ibom State, Nigeria

What our stakeholders say

"Savannah Energy and Udung Uko Local Government Area have enjoyed a cordial, mutually beneficial relationship over the years of its operation. The Company has supported the people of Udung Uko by carrying out environmentally friendly operations within the impacted communities. Savannah Energy has consistently provided medicines, constructed water boreholes and town halls, as well as delivering electrification projects for the host communities. Savannah has also engaged youths of the community by providing employment through their "Green Team Initiative", established for the maintenance of Savannah Energy "Right of Way" within the Local Government Area."

Dr. Mercy Ita Effiong JP, PhD
President General, Udung Uko Development Union, and Honourable Commissioner, Akwa Ibom State Civil Service Commission, Nigeria

Our performance in the United Kingdom

In accordance with the Streamlined Energy and Carbon Reporting ("SECR") regulations, we specifically provide an overview of our environmental performance in the United Kingdom. Our reporting covers the 2023 financial year and relates to our operations in the United Kingdom. We did not have any direct Scope 1 GHG emissions last year, nor in previous years. In terms of indirect Scope 2 GHG emissions, we consumed 139,650 kWh of energy in 2023 (2022: 112,586), translating to 29.7 tonnes of CO_2e. Our carbon intensity was 0.41 tonnes of CO_2e/person in 2023 (2022: 0.32 tonnes of CO_2e/person). Note that CO_2 emissions from UK operations make only a very minor contribution to Savannah's total CO_2 emissions (0.04% in 2023).

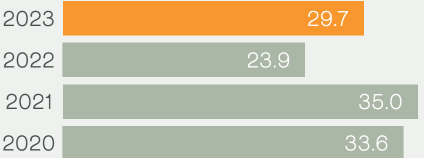
Looking ahead

Savannah is committed to respecting the environment. For 2024, we plan to:

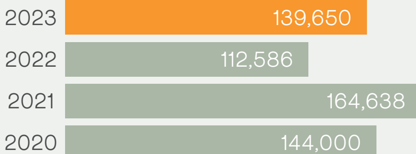
- Identify opportunities to improve the performance and efficiency at our plants;
- Commence the implementation of measures to eliminate routine flaring and reduce flaring at Stubb Creek to essential purge and pilot only; and
- Develop carbon energy management plans for our other assets in Nigeria.

SECR data[12]

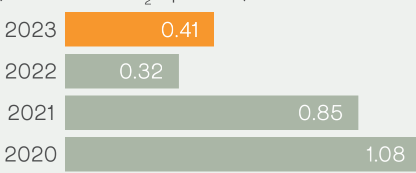
Scope 2 emissions
(tonnes of CO_2e)



Energy consumption
(kWh)



Carbon intensity
(tonnes of CO_2e/person)



Strategy in action: case study

Being biodiversity aware: bird and bat surveys for our Parc Eolien de la Tarka project

Environmental and Social Impact Assessment (“ESIA”) is a key stage in the development of new-build renewable energy projects.

Our ESIA of the Parc Eolien de la Tarka project was initiated in February 2022 and has been designed to be fully compliant with World Bank Guidelines, the International Finance Corporation Performance Standards, and the United States’ International Development Finance Corporation’s Environmental and Social Policy and Procedures. The study will require the formal approval of both our project partners and funders, and the local regulatory authorities in order for the project to achieve financial close.

The study has required extensive field work, including bird and bat surveys, reptile surveys, and a Land Acquisition and Resettlement Policy Framework. We focus here on just the biodiversity aspects.

Biological diversity at the Parc Eolien de la Tarka project was studied through a combination of bibliographic analysis and field studies. As there has been relatively little development activity in the area previously, key challenges for the project development team included the scarcity of previous research and data regarding biodiversity in the area, and a lack of appropriately qualified local experts to carry out the fieldwork required. Particular attention was paid to potential impacts of the wind farm on birds and bats, but dedicated field visits also focused on lizards, flora and more general biodiversity habitats.

To carry out the bird survey field work to the required level, we engaged international experts to train field staff from a local wildlife conservation group to identify birds and record the findings in surveys that meet the required international standards.

The bat survey work involved a combination of acoustic monitoring and net capture techniques. The acoustic monitors were attached to our meteorological mast on site and the data is periodically collected and analysed by experts. To address a lack of data regarding the specific characteristics of local bat calls, special measures were put in place to record the calls of bats to enable species identification from the acoustic monitoring results.

The studies are not yet complete, but at this stage of the investigations, the wind farm site appears to be supporting a very low level of biodiversity, and the probability that the project will affect any critical habitats is very low.

Post-year end in February 2024, we formally submitted our ESIA scoping study to the authorities in Niger. This important step presents the initial findings and the proposals for further studies in order for the full ESIA, and the associated management plan, to be completed and approved.

Wildlife at Savannah’s Parc Eolien de la Tarka project site, Niger. Photo credits: Abdul Razack, Sahara Conservation

Sustainability data summary table

Activity metrics	Units	2021	2022	2023
Production[1]				
Production	MMboe	5.97	7.40	**6.59**
Production	Kboepd	16.4	20.2	**18.1**
Pillar 1: Promoting socio-economic prosperity[3]				
Total Contributions[(d)]	US$m	55.1	56.9	**52.0**
Payments to local suppliers & contractors	US$m	26.2	22.9	**23.5**
Pillar 2: Ensuring safe and secure operations[2]				
LTIR	injuries per 200,000 working hours	0.00	0.34	**0.00**
TRIR	incidents per 200,000 working hours	0.34	0.68	**0.00**
Number of fatalities	numerical value	0	0	**0**
Number of security incidents	numerical value	1	11	**10**
Number of transport incidents	numerical value	2	1	**2**
Total length of journeys safely managed	numerical value in km	Not reported	1,384,336	**1,424,803**
RTAR	accidents per 200,000 km	0.25	0.14	**0.28**
Health, safety and environmental training	numerical value in hours	1,667	861	**4,988**
Pillar 3: Supporting and developing our people[3]				
Number of employees	numerical value	230	277	**276**
Training hours	numerical value in hours	6,104	12,754	**15,858**
Gender diversity in senior management	%	35%	32%	**33%**
Group gender diversity	%	19%	22%	**22%**
Percentage of local employees in Nigeria	%	99%	99%	**99%**
Percentage of local employees in Niger	%	100%	100%	**100%**
Ethnic minority representation in the UK	%	24%	38%	**40%**
Pillar 4: Respecting the environment[1]				
Scope 1 GHG emissions	tonnes CO_2e	66,877	71,543	**70,741**
Scope 2 GHG emissions	tonnes CO_2e	88.2	61.3[4]	**63.1**
Energy use in UK	kWh	164,638	112,586	**139,650**
Carbon intensity (Scope 1)	kg CO_2e/boe	11.2	9.7	**10.7**
Carbon intensity (Scope 1)	tonnes CO_2e/'000 tonnes hydrocarbons	82.1	71.1	**78.7**
Carbon intensity (Scope 1, 2 and 3)	g CO_2e/MJ	52.8	52.6	**54.9**
Operational hydrocarbon spills	numerical value	0	0	**0**
Freshwater use[4]	m^3	6,848	8,376	**10,592**

1. Reported by equity share %.
2. Reported by operational control (currently 100% for all assets).
3. Reported at 100%.
4. 2021 and 2022 water use data restated. Scope 2 GHG emissions restated for 2022.

Note that the equity share of Stubb Creek production has changed from 20.00% in 2021, to 25.41% in 2022 and 32.8% in 2023 (based on share of production). The equity share of our Accugas and Uquo assets was unchanged at 80% throughout this period.

The equity share of our Nigerien assets also remained at 95%.

The changes in equity share at Stubb Creek over this period have contributed to an increase in reported emissions by approximately 5%.

What our stakeholders say

"Several classes were built and equipped by Savannah Energy in the N'Gourti department. This reinforces the efforts of the State, aimed at providing adequate infrastructure enabling children to study and teachers to work in good conditions."

Salifou Elhadj Ari
N'Gourti Education Inspector, Niger

Task Force on Climate-Related Financial Disclosures report

The Task Force on Climate-Related Financial Disclosures ("TCFD") was created by the Financial Stability Board to develop recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing climate-related risks.

In the United Kingdom both the government and the Financial Conduct Authority have made reporting in line with the TCFD framework mandatory for listed companies. As Savannah's shares are quoted on the AIM market of the London Stock Exchange, which is not covered by this requirement, this disclosure is made voluntarily. To ensure that we are following best practices, our work on this report has been informed by the October 2021 guidance on climate reporting provided by the London Stock Exchange, and by the latest observations from the TCFD itself as set out in its 2021 Status Report.

All data covers the period of 1 January to 31 December 2023, unless otherwise noted. It includes all of Savannah's wholly and partially-owned entities as at 31 December 2023.

The structure of this report follows the recommendations of the TCFD disclosure. Key sections include:

- **Governance**: the organisation's governance around climate-related risks and opportunities;
- **Strategy:** the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning;
- **Risk management:** the processes used by the organisation to identify, assess and manage climate-related risks; and
- **Metrics and targets:** the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Governance

Recommended disclosure a) Describe the Board's oversight of climate-related risks and opportunities.

Responsibility of the day-to-day oversight for the Company's management of climate-related risks and opportunities sits with the CEO. The Board has overall responsibility for the oversight of the development and implementation of the Company's wider sustainability strategy.

In February 2023, the Board approved the transfer of risk responsibilities from the Audit and Risk Committee to the Health, Safety, Environment and Security ("HSE&S") Committee. To reflect this change in remit of the two committees, the HSE&S Committee became the Heath, Safety, Environment, Security and Risk ("HSES&R") Committee, while the Audit and Risk Committee became the Audit Committee. The current composition and role of each Board Committee can be found on our website: www.savannah-energy.com.

Senior management can be called upon to provide relevant information to the Board and/or Committee as and when required.

The HSES&R Committee ensures that there is 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 our operations. It oversees compliance with, and effectiveness of, the HSE&S and risk management frameworks, and oversees the quality and integrity of any reporting to external stakeholders regarding health, safety, operational integrity, security and environmental matters. It receives operational updates on the progress and performance of the Company's sustainability strategy on a regular basis.

With respect to risks, the Committee reviews the processes and procedures for ensuring that material risks, threats and opportunities are properly identified, assessed, managed and reported, and that appropriate systems of monitoring and control are in place.

The Committee meets at least four times a year and reports to the Board after every meeting.

The Board considers climate-related risks and opportunities when making strategic decisions.

Gas pressure valve at Savannah's Stubb Creek Facility, Nigeria

An example of a solar farm, similar to that envisaged for Savannah's solar projects in Niger

Recommended disclosure b) Describe the management's role in assessing and managing climate-related risks and opportunities.

Direct oversight for the management of climate-related risks and opportunities rests with the CEO, who reports to the Board. He is supported in this by the relevant members of the senior management team who assess the climate-related risks and opportunities, define the sustainability strategy and direct activities to control and mitigate risks and explore opportunities. Assessing and managing climate-related risks and opportunities is part of the broader management's role and responsibilities at Savannah. Savannah has a Risk Manager who manages the corporate risk register and collates information for the management of risks from across the business. The Group is structured in such a way that risk management is conducted at all levels across the Group and this approach is embedded within all of our business practices.

Strategy

Recommended disclosure a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

The climate-related risks and opportunities are set out in the tables on pages 94 and 95.

Recommended disclosure b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.

Understanding climate-related risk and opportunities is integral to our business, strategy and financial planning. We monitor greenhouse gas ("GHG") emissions from operational activities and forecast the GHG emissions from potential acquisitions as part of our business development and due diligence processes. The establishment of the Renewable Energy Division in late 2021 reflects a recognition of the strategic opportunities associated with climate change.

Recommended disclosure c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.

While Savannah has not yet undertaken detailed climate-related scenario planning, in the formulation of its corporate strategy, the Company has incorporated extensive academic analysis, vis à vis, energy transition scenarios and poverty alleviation models. This work resulted in the formulation of our hydrocarbons and renewable energy strategy.

A visual representation of Savannah's proposed Parc Eolien de la Tarka wind farm project, Niger

What our stakeholders say

"Since the construction of a water well by Savannah Energy, we have access to drinking water and our animals do too. You know, we live in a dry and arid zone, hence the importance of water. We are even considering irrigating crops to produce certain foodstuffs. We are truly grateful for Savannah Energy's help on the water issue."

Hassane Adamou
Representative of Babelmi Village Chief, Niger

The waterfalls on the Bini River, inside the Bini a Warak project site, Cameroon

Risk management

Recommended disclosure a) Describe the organisation's processes for identifying and assessing climate-related risks.

Savannah considers climate-related risks very broadly, drawing on academic research, and regards them among the many risks that impact the business. We evaluate the critical role and importance of our current projects, as well as those we seek to pursue, for the countries in which we operate and their citizens, with poverty alleviation a principal over-riding concern.

Savannah's risk management framework is comprised of six components that combine to create an effective system of risk management and internal control. Savannah has a Risk Manager who manages the corporate risk register and collates information on risks and mitigants from across the business.

Climate change is one of the 15 principal risks identified within Savannah's risk management framework. It is through the application of the risk management framework that clear procedures for risk identification, assessment, measurement, mitigation, monitoring and reporting are aligned with the Group's strategy.

Risks are assessed on a likelihood versus impact matrix, and the Group considers both prevailing and emerging risks in the risk identification process. Every risk has a designated Risk Owner and a member of the Executive Management team has responsibility for oversight of each risk. The Risk Owner for climate change is the CEO who is supported by relevant members of the senior management team. Whilst the Board is ultimately responsible for the management of risk, the Group is structured in such a way that risk management is conducted at all levels across the Group and is embedded in our business practices.

The assessment of climate-related risks is based on both the qualitative and quantitative evaluation of the likelihood and impact of each particular risk arising, taking into account the Group's strategic and business objectives. We analyse the trending of principal risk factors from year to year, assigning a status of increased, stable or reduced relative to the prior year.

Recommended disclosure b) Describe the organisation's processes for managing climate-related risks.

We monitor GHG emissions from operational activities and forecast the GHG emissions from potential acquisitions as part of our business development and due diligence processes. We invest in projects to reduce flaring to essential purge and pilot only and minimise methane emissions where possible. We explore opportunities to improve the efficiency of our operations and potential acquisitions. We track developments in climate change-related legislation in the countries in which we operate, and keep abreast of best practice regarding GHG management and reporting amongst our industry peer group.

Recommended disclosure c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

At Savannah, risk registers that identify and assess risks, and have clear mitigation plans, are maintained at business and functional levels. These are consolidated into the corporate risk register managed by the Risk Manager. Climate-related risks are fed into business and functional risk registers and are consolidated into the corporate risk register, where climate change is one of the 15 principal risks. The assessment of climate change risks is also included as a key element of the Environmental and Social Impact Assessment of new projects.

After taking into account management plans and actions, these risks are assessed on two levels: the likelihood of the risk arising and the potential impact of such risk.

Metrics and targets

Recommended disclosure a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management approach.

As part of our sustainability strategy, we monitor and report on the following metrics:

- Scope 1 GHG emissions in metric tonnes CO_2e.
- Scope 2 GHG emissions in metric tonnes CO_2e.
- Scope 1 GHG emissions intensity in kg CO_2e/boe and metric tonnes CO_2e/000' metric tonnes hydrocarbons.
- Scope 1, Scope 2 and Scope 3 GHG emissions intensity in g CO_2e/MJ.

Recommended disclosure b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks.

Our sustainability and climate-related metrics are disclosed in the Sustainability Review section of our Annual Report and Accounts, and are available on our website. A trend analysis of our key GHG metrics is provided within our Pillar 4 "Respecting the Environment" reporting. For 2023:

- Scope 1 GHG emissions: 70,741 metric tonnes of CO_2e.
- Scope 2 GHG emissions: 63.1 metric tonnes of CO_2e.
- Scope 1 GHG emissions intensity: 10.7 kg CO_2e/boe.
- Scope 1 GHG emissions intensity: 78.7 metric tonnes CO_2e/000' metric tonnes hydrocarbons.
- Scope 1, Scope 2 and Scope 3 GHG emissions intensity: 54.9 g CO_2e/MJ.

Recommended disclosure c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Savannah does not currently have targets regarding climate-related risks and opportunities.

Transition risk

Risk	Potential impact	Time frame	Mitigation
Access to capital for oil and gas projects becomes more restricted.	Restricted access to and/or higher costs of capital could result in a diminished ability to meet one or more of our strategic objectives.	Short-term	• Evaluate the critical role and the importance of the projects we have, and seek to pursue, for the countries in which we operate and their citizens, where poverty alleviation is a principal over-riding concern. • Demonstrate that climate change is being considered alongside the other benefits of projects and conduct appropriate climate change impact assessments to mitigate risks, where possible and where consistent with the reality of the underlying asset. • Maintain systems to accurately record the transparent disclosure of GHG emissions. • Continue to actively seek programmes to reduce GHG emissions, bearing in mind the realities of the underlying assets and areas of operation. • Maintain strong relationships with existing and potential lenders, shareholders and other providers of finance. • Target more diversified sources of financing. • Pursue an energy-focused corporate strategy consistent with the expected energy transition that includes both hydrocarbon and renewable projects. • Grow our Renewable Energy Division. • Explore the potential trading of carbon credits from our proposed renewable energy projects.
Introduction of carbon taxation and other climate-related regulation such as emissions reduction requirements.	Increased operating costs and/or taxation costs.	Short to medium-term	• Maintain systems to accurately enable the transparent disclosure of GHG emissions. • Implement GHG emissions reduction initiatives, such as carbon and energy management plans, as part of our overall sustainability strategy. • Work with governments and industry groups to assess policy and political developments relating to the energy transition. • Price in carbon tax in future assets. • Explore the potential trading of carbon credits from our proposed renewable energy business.
Reduced demand for hydrocarbons as a result of the energy transition.	Potential for decreased hydrocarbon asset values.	Medium to long-term	• Continue to analyse and review the expected future global energy mix. Develop the capacity and capability to undertake energy projects consistent with that vision and provide the energy that Africa and the rest of the world needs (i.e. understand that both hydrocarbons and renewable energy will be needed in the future, and have the capacity to deliver both). • Grow our Renewable Energy Division. • Focus on the energy solution most appropriate for the countries in which we operate. • Ensure we are the operator of choice in our host countries.
Perceived poor sustainability performance.	Reputational damage limiting stakeholders and counterparties willingness to do business with us, increased costs, both direct and regulatory, and potential additional challenges in retaining and attracting talent.	Short to medium-term	• Ongoing implementation of our sustainability strategy, and monitoring and reporting systems and policies.

Transition opportunity

Opportunity	Potential impact	Time frame	Action
Shift to natural gas as a transition fuel in the energy transition.	Increased demand for gas will provide growth and new business opportunities for Savannah to exploit our 456 Bscf of gross 2P Reserves and our further 598 Bscf of gross 2C Resources in Nigeria.	Short to medium-term	• Support the gas transition in Africa through our long-term gas contracts and utilise our existing infrastructure to bring other gas projects to market, including third-party gas and additional gas assets through acquisition.
Becoming a "responsible steward" of managing existing assets in an environmentally friendly way.	Savannah solidifies its position as an operator of choice in our focus countries and beyond.	Short to medium-term	• Implement GHG emissions reduction initiatives and ensure strong ESG management.
Develop carbon credits from our renewable energy projects.	Reduce net emissions by developing carbon credits from Savannah's large-scale renewable energy projects or monetise credits.	Medium -term	• Explore the potential to trade carbon credits from our proposed renewable energy projects.
Diversification to different energy sources.	The transition provides an opportunity to expand into other and new sources of energy.	Medium to long-term	• Grow our Renewable Energy Division. • Monitor the development of new energy sources.
Potential for Carbon Capture, Utilisation and Storage ("CCUS").	CCUS could provide opportunities to capture and store carbon to allow the production of hydrocarbons in a carbon neutral way.	Medium to long-term	• Monitor developments in CCUS.
Growth of hydrogen.	Gas production and renewable energy provides opportunities to produce blue and green hydrogen, which could potentially become key parts of the future global energy mix.	Long-term	• Monitor developments in hydrogen.

Acute risks (driven by climatic events)

Physical risks	Potential impact	Time frame	Mitigation
Extreme weather such as flooding, extreme heat and water stress.	Impacts of extreme weather on operations and infrastructure could include delays in receiving supplies, materials and equipment. Impacts could also affect hydrocarbon production and renewable energy projects, and increase the cost of logistics and insurance.	Short to medium-term	• Insurance coverage, where appropriate and cost effective. • Contingency and emergency planning. • Incorporation of any rising operational costs in budgeting and planning.

Chronic risks (driven by longer-term shifts in climate patterns)

Physical risks	Potential impact	Time frame	Mitigation
Extreme heat days associated with climate change increase.	Personnel health and safety could be impacted by working in prolonged heat.	Medium to long-term	• Contingency and emergency planning. • Strong occupational health and safety culture. • Provisions for potential extra operational costs for the workforce.

Positioning the business for growth

"Our Nigerian business continued to perform strongly in 2023 and the Group overall outperformed the guidance we set for the year. We continue to position the business for growth in both the hydrocarbons and renewables business."

Nick Beattie
Chief Financial Officer

Performance against market guidance 2023

	Full Year 2023 Actuals US$ million	Full Year 2023 Guidance US$ million
Total Revenues[a]	**260.9**	>235
Operating expenses plus administrative expenses[f]	**68.8**	<75
Capital expenditure, US$ million	**13.0**	Up to 30

Year in summary

Our Nigerian business continued to perform strongly in 2023 and the Group overall outperformed the guidance we set for the year. We continue to position the business for growth in both the hydrocarbons and renewables business whilst maintaining a focus on efficiencies.

Total Revenues[a] were US$260.9 million (2022: US$290.4 million) with a resulting Adjusted EBITDA[c] of US$184.1 million (2022: US$223.6 million). The reduction is a result of lower gas invoicing during the year largely due to the planned maintenance programme which took place in the second half of 2023 (including a planned 10-year anniversary regulatory inspection which required full shutdown of the Uquo CPF). Savannah continues to supply gas to enable in excess of 20% of Nigeria's thermal power generation capacity (up from 10% at the time of our decision to acquire the Nigerian business in 2017) and is also an important supplier to both the fertiliser and cement sectors.

Our Nigerian business is underpinned by long-dated, take-or-pay contracts which have no linkage to commodity pricing and provide long-term, predictable cash flows. At the end of 2023 we had over US$3.5 billion of future contracted revenues with an average weighted remaining contract life of almost 14 years.

We continue to invest in our key infrastructure; for example, the US$45.0 million Uquo gas compression project is well progressed which will enable us to increase gas production volumes in the years ahead. The total incurred expenditure as at the end of 2023 was US$23.5 million and the project remains on-budget and on-track for completion in the second half of 2024.

Total Revenues[a]

US$260.9m
-10%
(2022: US$290.4m)

Operating expenses plus administrative expenses[f]

US$68.8m
+4%
(2022: US$66.2m)

Average oil and gas sales price

US$4.51/Mscfe
+9%
(2022: US$4.14/Mscfe)

In early 2024, Accugas signed an agreement with a consortium of five Nigerian banks to provide a new NGN340 billion term facility (the "Transitional Facility"). The Transitional Facility is being progressively drawn down in 2024 and utilised towards repayment of the existing Accugas US$ Facility. This is the first step in the previously announced refinancing plan which will align the currency of Accugas' principal revenue cash collections with its debt service obligations, significantly reducing the Group's foreign exchange exposure.

In 2023, we saw significant volatility in the Nigeria currency markets with an unprecedented level of Naira devaluation, the value of the Naira at year end being approximately 50% lower than at the start of the year. This trend has continued into 2024. This devaluation resulted in a foreign exchange loss for the year of US$104.7 million (2022: US$28.9 million). Our customers pay for gas predominantly in Naira however under the terms of the GSA with our principal customer, the exchange losses realised can be invoiced via a true-up mechanism.

Our total cash receipts for the year were impacted by a delayed payment from a customer which was received in early January 2024 (expected in December 2023). Had this payment of US$97.8 million been received as expected, then this would clearly have resulted in a higher cash balance and lower leverage at year end.

As previously disclosed, the Government of the Republic of Chad passed a law on 31 March 2023 confirming the Nationalisation of the Group's Chad Assets. Following this Nationalisation, all of the Group's operations for the Chad Assets have been recognised as discontinued operations in line with IFRS 5 for the current year. The net profit and total comprehensive profit from discontinued operations amounted to US$89.0 million, which is shown as a single line in the Consolidated statement of comprehensive income. We have commenced ICC arbitral proceedings against the Government of the Republic of Chad to seek full recompense for the loss that we have and will suffer as a result of the Nationalisation of the Chad Assets (further details are in Notes 2, 41 and 42 of the financial statements).

As required under accounting standards, the 2022 Consolidated statement of comprehensive income has been restated to exclude the impact of discontinued operations. The Consolidated statement of financial position and the Consolidated statement of cash flows are not required to be restated (further details are set out in note 2 to the financial statements).

Key performance metrics summary

	Full Year 2023	Full Year 2022
Gross production, Kboepd	**23.6**	26.8
Total Revenues[a], US$ million	**260.9**	290.4
Revenue, US$ million	**224.2**	212.5
Average oil and gas sales price, US$/Mscfe	**4.51**	4.14
Operating expenses plus administrative expenses[f], US$ million	**68.8**	66.2
Operating expenses plus administrative expenses[f], US$/Mscfe	**1.4**	1.2
Closing cash balances, US$ million	**107.0**	240.9
Adjusted EBITDA[c]	**184.1**	223.6
Net debt[g], US$ million	**473.7**	404.9
Leverage[h]	**2.6x**	1.8x

Consolidated statement of comprehensive income

Revenue

Revenue during 2023 was US$224.2 million (2022: US$212.5 million), an increase of 5% driven largely by increased gas prices. Gas revenue was approximately 90% of the total at US$202.7 million (2022: US$181.1 million) with US$20.5 million (2022: US$29.8 million) being derived from oil and condensate sales. US$0.9 million (2022: US$1.6 million) was for processing of third-party crude oil.

Gas is sold under a mixture of short and long-term gas sales agreements, all of which have individually agreed prices defined in US Dollars, with certain long-term contracts adjusted annually for consumer price indexation. The majority of our gas sales contracts are supported by investment grade[e] guarantees, including a World Bank Partial Risk Guarantee for the Calabar power station gas sales contract.

The weighted average sales price for the year was up 9% to US$4.51/Mscfe (2022: US$4.14/Mscfe).

Impact of take-or-pay accounting rules under IFRS 15: Total Revenues[a]

Revenue recognition for our gas sales agreements is impacted by the take-or-pay accounting rules under IFRS 15. 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. During 2023, our customers took less gas than they had contracted to buy, so there was a difference between invoiced oil and gas sales of US$260.9 million (Total Revenues[a]) and Revenue as reported in our Consolidated statement of comprehensive income of US$224.2 million.

Revenue in our Consolidated statement of comprehensive income of US$224.2 million only reflects the value of oil and gas actually delivered, with the difference of US$36.7 million reported as an increase in Contract liabilities ("deferred revenue") in the Consolidated statement of financial position, net of any make-up gas that is consumed, plus other invoiced amounts.

A key point to highlight is the cash neutrality of the take-or-pay accounting treatment; had our customers requested the make-up gas to be delivered to them in the accounting year, then all the invoiced sales would have been recognised as Revenue in the Consolidated statement of comprehensive income and our cash generation would have been the same in either case (as this reflects receipts from customers regardless of whether they related to delivered gas or make-up gas).

We report Total Revenues[a] as management believes that this is a more meaningful method of describing the cash generation capacity of the business.

To provide further clarity on the take-or-pay accounting rules, please refer to the theoretical simplified worked example which is shown on page 57 of the 2020 Annual Report and Accounts, which can be accessed on our website.

Operating expenses plus administrative expenses[f]

Operating expenses plus administrative expenses[f] for the year were US$68.8 million (2022: US$66.2 million) which compared favourably with guidance of up to US$75 million and the 4% increase is also well below the 9% increase seen in average sales prices in the year.

Depreciation, depletion and amortisation ("DD&A") amounted to US$38.4 million (2022: US$39.0 million) made up of US$14.7 million (2022: US$16.2 million) for infrastructure assets, which are depreciated on a straight-line basis over their estimated useful life and US$20.1 million (2022: US$20.6 million) for upstream assets, which are depreciated on a unit of production basis, plus US$3.6 million (2022: US$2.2 million) for other assets and right-of-use assets.

Other operating income

Other operating income of US$28.9 million (2022: US$7.8 million) relates to amounts invoiced under the true-up mechanism in certain GSA's which allow for recovery of realised foreign exchange losses.

Adjusted EBITDA

Adjusted EBITDA[c] was US$184.1 million (2022: US$223.6 million), the result being impacted by the 10% reduction in Total Revenues[a] for the year following a planned maintenance programme conducted at our production facilities in Nigeria (a regulatory requirement coinciding with the 10-year anniversary of the commencement of operations).

Finance costs

Finance costs for the year amounted to US$102.7 million (2022: US$78.9 million), of which US$83.2 million (2022: US$62.3 million) related to bank and loan note interest expense. The average interest rate on debt for the Group was 14.1% (2022: 12.0%), due to higher average US LIBOR rates in 2023.

Foreign exchange losses

Foreign exchange losses amounted to US$104.7 million (2022: US$28.9 million). US$67.8 million (2021: US$12.4 million) are unrealised losses on Naira monetary assets and liabilities (mainly cash balances) which occurred following the devaluation seen in Naira during the year. The official Naira/US$ exchange rate weakened over the course of 2023 from approximately Naira 450/US$ at the start of the year to approximately Naira 900/US$ at year end.

Realised foreign exchange losses amounted to US$36.9 million (2022: US$16.6 million). The majority of these losses can be recovered through the true-up mechanism as described above.

Consolidated statement of financial position

Receivables and payables

Trade and other receivables amounted to US$370.9 million (2022: US$239.3 million) which primarily consists of amounts due from gas customers in Nigeria. As noted earlier there was a material payment of US$97.8 million which was delayed from 2023 into early 2024 – had this been received as expected at the end of 2023, then the receivables balance would have been approximately US$274.9 million.

Trade and other payables amounted to US$108.0 million (2022: US$122.1 million) which will be settled in the normal course of business.

Debt

The net debt[g] at year end was US$473.7 million (2022: US$404.9 million), an increase of 17% year-on-year. During 2023, US$84.2 million of debt was repaid however the devaluation of Naira denominated cash balances led to an increase in net debt[g].

Work continued during the year on the proposed refinancing of the Accugas US$ Facility. The intention remains for this to be refinanced into a Naira denominated borrowing structure to match the currency in which revenues are received in Nigeria. The Transitional Facility was signed early in 2024 and is being progressively drawn down with funds then converted to US$ to repay the Accugas US$ Facility. This process is well underway. Pending completion of the Transitional Facility, at balance sheet date the Group continued to hold Naira denominated cash balances in order to be used to service US$ denominated debt.

Details of the debt facilities available to the Group are in Note 29 of the financial statements. It is worth noting the treatment of the debt facility entered into to finance the acquisition of the Chad and Cameroon Assets. Despite the Nationalisation there remains an outstanding balance of US$119.3 million at the year end. Of this amount only US$34.0 million is recourse to the Company with the remainder being fully non-recourse.

We remain comfortable with the Leverage[h] position of the Group which is at a conservative level given the long-dated (14-year) gas sales contracts in place and the high-quality, long-life asset base.

Leverage[h]

	2023 US$ million	2022 US$ million
Adjusted EBITDA[c]	**184.1**	223.6
Net debt[g]	**473.7**	404.9
Leverage (times)	**2.6**	1.8

Consolidated statement of cash flows

The Cash Flow Statement includes the results from discontinued operations.

As noted above, during 2023 cash balances decreased to US$106.9 million (2022: US$240.8 million). The decrease has been accentuated by the delayed customer payment and had this US$97.8 million been received as anticipated in December 2023 (rather than January 2024) the cash balance would have been $204.1 million. Cash balances reduced in the year despite the strong operational performance due to a combination of debt repayments of US$84.2 million (2022: US$44.0 million) and the unrealised foreign exchange loss resulting from Naira devaluation of US$81.8 million (2022: US$16.9 million).

Capital expenditures for the year of US$13.0 million (2022: US$23.6 million) relate largely to the compression project at the Uquo CPF and during the year, US$44.9 million was received from SNH in relation to a 10% interest in COTCo[1,2].

Going concern

The Group places significant importance in managing its liquidity position and ensuring that all parts of the business have appropriate funding as needed to meet their obligations. The Directors have reviewed the Group's forecasted cash flows as well as the funding requirements of the Group for the period to 31 October 2025. This forecast was prepared on a "bottom-up" basis, at each major asset and corporate level, and it reflects the Group's best estimate of costs and revenues for the period. The capital expenditure and operating costs used in this forecast are based on the Group's approved corporate budget which includes operating budgets for each of the operating subsidiaries and an estimate of the corporate general and administrative costs for the period.

In addition to the base case which assesses the Group's going concern for its existing business, the Group has also separately assessed the impact on the Group's going concern assumption with respect to its proposed acquisitions of the South Sudan Assets and SIPEC which are expected to complete in the second half of 2024.

The Directors recognise the range of risks facing the business on an ongoing basis, as set out in the risk section on page 100 of this Annual Report.

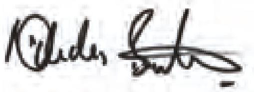
Notwithstanding the risks across the Group, both the base case forecasts and sensitised scenarios confirm that the Directors believe that the Group and each subsidiary company has sufficient liquidity to continue as a going concern for the period to 31 October 2025.

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

2024 financial guidance and outlook

In 2024, we are providing the following guidance in relation to the Group. This guidance does not include any contribution from proposed acquisitions:

- Total Revenues[a] greater than US$245 million;
- Operating expenses and administrative expenses[f] of up to US$75 million; and
- Capital expenditure of up to US$50 million.



Nick Beattie
Chief Financial Officer
6 June 2024

Our approach to risk management

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

In this section of the Annual Report, we discuss the Group's approach to risk management and how the risk environment has changed over the course of 2023 and to date in 2024.

Risk management framework

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

Whilst the Board is ultimately responsible for the management of risk, the Group is structured in such a way that risk management is conducted at all levels of the Group and is embedded in our business practices:

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

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

Read more about our strategy on page 40.

L-R: Israel Johnny, Graduate Intern; Sam Edidiong, Field Operator, Savannah's Uquo CPF, Nigeria

Risk management framework

Assessment of our principal risks

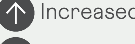
The assessment of risks is based on both qualitative and quantitative evaluation of the likelihood and impact of each particular risk arising over the short and medium term, taking into account the Group's strategic and business objectives.

Trending of principal risk factors

Risk factors	Trend
Strategic	
1. Country	Increased
2. Acquisitions	Stable
3. Reserves and Resources	Stable
4. Exploration and appraisal	Stable
Operational	
5. Capital projects	Stable
6. Industrial action	Stable
7. Supply interruption	Stable

Risk factors	Trend
Financial	
8. Foreign exchange	Increased
9. Gas sales agreements	Stable
10. Liquidity	Stable
Sustainability	
11. Ethical conduct	Stable
12. HSE&S and our social "licence to operate"	Stable
13. Cyber security and data protection	Stable
14. ESG and climate change	Stable
15. Organisation	Stable

Risk movement legend

Increased

Stable

Reduced

Risk management continued

Strategic objectives legend

1 Deliver value safely and sustainably
2 Optimise existing portfolio performance
3 Deliver organic growth
4 Deliver value accretive inorganic growth
5 Maintain financial strength and flexibility

Risk movement legend

Increased

Stable
Reduced

Assessment of our principal risks continued

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

Principal risks

Risk description, strategy link and risk movement	Context and potential impact	Mitigants	2024 objectives or KPIs
Principal risks – Strategic			
1. Country risk 1 2 3 4 5 Increased	The Group operates in emerging markets which are typically regarded as being at heightened risk of adverse changes in the political, fiscal or regulatory environment which may result in our inability to meet one or more of our strategic objectives. Increased risk due to political instability in certain countries of operation.	• Continued diversification into new countries and also across business segments. • Engagement with regulators and other authorities or agencies in our countries of operation. • International arbitration in agreements wherever possible. • Principal gas sales agreements in Nigeria supported by investment grade bank guarantees. • State sponsored (and World Bank-assisted) initiatives to aid improvements in the power sector.	
2. Acquisitions 	The success of the Group's acquisition strategy depends on identifying suitable targets, procuring financing and obtaining required consents. If transactions do not close, there may be material aborted transaction expenses. The performance of acquired assets and businesses may not meet expectations which may affect financial performance.	• Undertake appropriate due diligence. • Appropriate vendor risk and reward sharing arrangements embedded in acquisitions. • Strong operating platform designed to enable successful integration. • Experienced Board and management team.	• Complete the South Sudan Acquisition and the SIPEC Acquisition. • Deliver at least one significant M&A transaction.
3. Reserves and Resources 	Hydrocarbon Reserves and Resources estimates are highly subjective, may not be recovered at predicted rates or volumes, may not be developable profitably and can be subject to revision. This may lead to not meeting contracted deliveries in Nigeria, impacting revenue, or in Niger resources not being profitably developed.	• Extensive internal and independent subsurface and engineering studies undertaken throughout the assets' lifecycles.	• Commence R3 East flow testing programme in Niger.
4. Exploration and appraisal Stable	Exploration and appraisal of oil and gas involves high levels of risk and may not discover hydrocarbons in commercial quantities.	• Rigorous processes are in place to assess the associated risks and consultants are engaged as required to supplement in-house expertise.	• Commence R3 East flow testing programme in Niger.
Principal risks – Operational			
5. Capital projects 1 2 3 5 	There are operational and financial risks associated with the delivery of capital projects on time and on budget. Incidents or delays may lead to HSE&S issues, additional costs, reputational damage and impact on future cash flows.	• Robust project execution planning and project management procedures. • Competitive tendering for services and contractor selection.	• Complete Uquo compression project in Nigeria.

Risk description, strategy link and risk movement	Context and potential impact	Mitigants	2024 objectives or KPIs
6. Industrial action 1 2 3 →	Industrial action or labour disputes may adversely affect operations, which could impact future cash flows.	• Active engagement with staff and competitive remuneration packages. • Investment in employee training and development.	
7. Supply interruption 1 2 3 →	The integrity of wells, processing facilities and pipelines is integral to the supply of hydrocarbons. Any failure may lead to HSE&S risks and not meeting contractual obligations, impacting future cash flows.	• Comprehensive maintenance programme of facilities. • Regular inspection and maintenance of pipelines. • Drill additional gas wells and install compression.	• Complete Uquo compression project in Nigeria.

Principal risks – Financial

Risk description, strategy link and risk movement	Context and potential impact	Mitigants	2024 objectives or KPIs
8. Foreign exchange 5 ↑	The Group is exposed to foreign exchange movements and liquidity, most significantly as Nigerian gas customers are able to pay for gas in Nigerian Naira, even though contracts are denominated in US$. Significant exchange rate movements may lead to losses impacting anticipated cash flows. Increased risk as a result of a 50% devaluation in the Nigerian Naira in 2023.	• Foreign exchange true-up mechanism in the GSA with Calabar Generation Company Limited. • Significant proportion of the Nigerian cost base is currency matched. • Diversify revenue streams to increase US$ component.	
9. Gas sales agreements 1 2 3 →	The Group's revenues in Nigeria are primarily derived from two main gas customers with long-term contracts, although gas was delivered to a total of eight customers in 2023. Counterparties may delay or fail to comply with contractual commitments, thus impacting anticipated Group cash flows.	• Credit support arrangements with investment grade[e] banks are in place for 85% of contracted sales revenue. • The GSA with Calabar Generation Company Limited is supported by an IDA World Bank Partial Risk Guarantee. • Regular engagement with counterparties and stakeholders.	
10. Liquidity 	The Group manages liquidity in order to fund its operations, capital expenditure programmes and debt service requirements. If the Group is unable to fund its operations or service debt, it could lead to financial restructuring. Insufficient funds for projects or acquisitions will impact delivery of strategic objectives.	• Closely monitor cash flow at both a Group and an entity level to manage risk exposure. • Project specific financing with tailored repayment profiles. • Regular engagement with lenders. • Tight cost control and working capital management.	• Redenomination of Accugas debt from US$ to Naira completed. • Completion of the South Sudan and SIPEC Acquisitions will diversify income streams.

Principal risks – Sustainability

Risk description, strategy link and risk movement	Context and potential impact	Mitigants	2024 objectives or KPIs
11. Ethical conduct 	Ethical conduct, including compliance with relevant anti-bribery and corruption laws, is a risk common to the global energy industry and the Group, which operates in some of the lower ranking countries on the Transparency International Corruption Index. A major breach could impact reputation, financial position and have legal implications.	• Integrity is one of Savannah's core "SEE-IT" values. • Robust policies and procedures in place (including a whistleblowing hotline). • Regular training for staff and contractors. • Active member of the Extractive Industries Transparency Initiative.	

Risk management continued

Strategic objectives legend

1. Deliver value safely and sustainably
2. Optimise existing portfolio performance
3. Deliver organic growth
4. Deliver value accretive inorganic growth
5. Maintain financial strength and flexibility

Risk movement legend

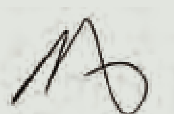
- Increased
- Stable
- Reduced

Assessment of our principal risks continued

Risk description, strategy link and risk movement	Context and potential impact	Mitigants	2024 objectives or KPIs
12. HSE&S and our social "licence to operate" 1 5 Stable	The Group's operations are subject to HSE&S hazards and risks common to the energy industry. Multiple security risks could affect the Group's operations. Failure to comply with HSE&S policies could result in significant financial and non-financial impacts, and harm to our people or host communities. In circumstances where operations needed to be suspended, reputation and cash flow would be negatively impacted.	• Standards and policies clearly defined. • Regular engagement with local communities with memoranda of understanding in place. • 24/7 security in place on all assets. • Comprehensive insurance in place.	• Operate safely and in an environmentally sound manner. • Maintain social licence to operate.
13. Cyber security and data protection 1 2 Stable	The threats from a cyber-attack on the Group's digital infrastructure, information technology security breaches and data protection are ongoing risks that are continuously evolving, including those from the rapid advances in artificial intelligence ("AI"). Failure to prevent or respond to such disruption could have material financial, reputational or legal impacts.	• 24/7 network, email and device monitoring, access authentication and controls in place to protect against phishing attacks. • GDPR and Acceptable Use device policies. • Continued research and monitoring of cyber security threats including from AI. • Staff training relating to data security and GDPR.	
14. ESG and climate change 1 2 3 4 5 Stable	Increased scrutiny from stakeholders on climate change, GHG emissions and sustainability ratings represent a material risk for the business which could impact financial performance, reputation and cost of capital. There is the potential for climate-related risks, including regulatory constraints, carbon pricing mechanisms or access to capital to affect our ability to deliver our strategic objectives. Climate change could result in operational downtime, impacting cash flows.	• Ongoing implementation of our sustainability strategy and monitoring and reporting systems and policies. • Promotion of efficient energy use in activities. • Robust operational planning and budgeting processes in place.	• Up to 1 GW+ of renewable energy projects in motion. • Publish disclosure reports for chosen ESG standards.
15. Organisation 1 2 3 4 5 Stable	The ability to attract and retain talent is critical to the growth and success of Savannah. The loss of key personnel, or the failure to plan for succession, or to develop and recruit new talent, has an opportunity cost, is a barrier to growth and may impact on the Group's ability to deliver its strategic objectives.	• A competitive compensation and retention package is in place which is reviewed against the market regularly. • Key employees participate in equity and performance-based reward schemes. • Contractual arrangements and personal development plans to support the retention and development of employees. • Talent review processes are in place to ensure the risk of employees leaving is mitigated. • Focus on continuous process improvement.	• Continued focus on developing our people.

The Strategic Report was approved for and on behalf of the Board on 6 June 2024.

For and on behalf of the Board



Andrew Knott
Chief Executive Officer, Savannah
6 June 2024

Governance

Governance

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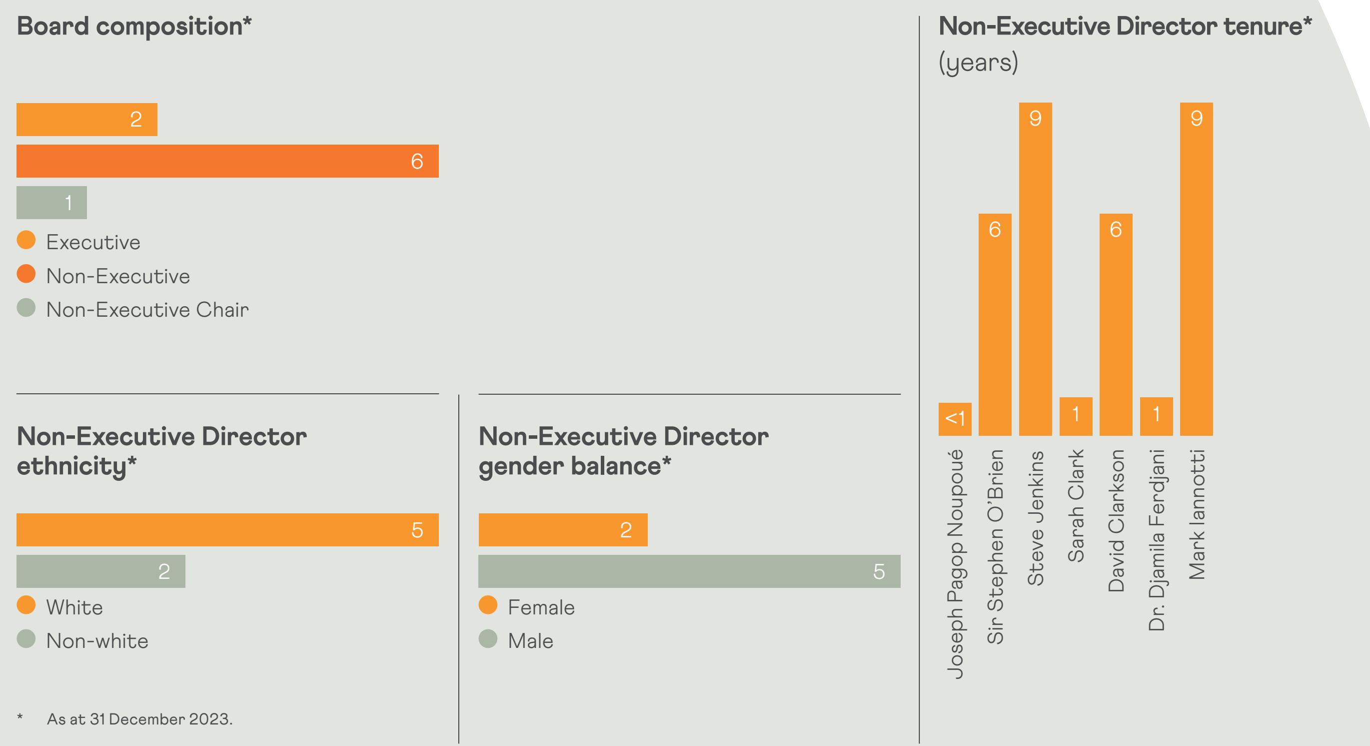
Board at a glance

Board composition



* As at 31 December 2023.

Board and Committee attendance

Director	Board	Audit Committee	Remuneration Committee	Compliance Committee	HSES&R Committee
Joseph Pagop Noupoué**	●●●●●●●	—	●●●	●●●	●●●
Sir Stephen O'Brien	●●●●●●●●●○	●●●●●●	—	●●●●	●●●●
Andrew Knott	●●●●●●●●●●	—	—	—	—
Nick Beattie	●●●●●●●●●●	—	—	—	—
Sarah Clark	●●●●●●●●●●	●●●●●	—	—	—
David Clarkson	●●●●●●●●●●	●	●●●	●●●●	●●●●
Dr Djamila Ferdjani	●●●●●●●●●●	—	●●●	—	●●●
Mark Iannotti	●●●●●●●●●●	●●●●●●	●●●	●●●●	—
Steve Jenkins	●●●●●●●●●○	—	—	—	●●●○
Sylvie Rucar***	●●●●●	●○	—	—	—

** Appointed to the Board in April 2023.

*** Appointed to the Board in February 2023 and resigned in July 2023.

● Meeting attended ○ Meeting not attended

Experienced and entrepreneurial leadership

Joseph Pagop Noupoué
Chair of the Board
Appointed: April 2023

R H CC

Experience

Joseph is the Managing Partner of ECA Conseils, an organisation that brings together two professional service firms, namely ECA SA (formerly ECA EY Cameroun SA) and ECA Tax & Legal (formerly EY Cameroon SARL). His work is focused around corporate (including contract, M&A and dispute resolution) and fiscal law matters in Cameroon and other French-speaking African countries.

Joseph was formerly a senior partner at EY, the leading global professional services firm, for over 16 years, where his role included major client relationship management in the French speaking and Northern regions of Africa, as well as head of the Africa Department of EY Société d'Avocats France, EY Managing Partner for Cameroon and EY Tax Leader for French-speaking Africa, where he led more than 400 professional service providers located in nine countries.

Key strengths

Attorney at law by profession; strong advisory expertise in the oil and gas, mining, electricity and general energy sectors, including advising leading FTSE 100, CAC 40 and Fortune 500 energy and mining services companies and major private equity house; significant experience in Africa.

External appointments[1]

ECA SA and ECA Tax & Legal SARL.

Sir Stephen O'Brien
Vice Chair
Appointed: December 2017

A CC H

Experience

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

Key strengths

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

External appointments[1]

Member of the Privy Council; Chair of Motability Operations Group Plc; and Non-Executive Board Member of the Advisory Board of the Department for Business and Trade.

Andrew Knott
Chief Executive Officer
Appointed: July 2014

Experience

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

Key strengths

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

External appointments[1]

None.

Committee memberships

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

Board of Directors continued

Nick Beattie

Chief Financial Officer

Appointed: June 2022

Experience

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

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

Key strengths

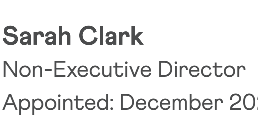
Significant experience in corporate finance, M&A and capital markets including debt funding of energy projects across EMEA.

External appointments[1]

None.

Sarah Clark

Non-Executive Director



Appointed: December 2022

A

Experience

Sarah was an elite-level athlete for 18 years and is a former British, European and Commonwealth champion in the sport of judo, who competed at three Olympic Games for Great Britain.

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

Key strengths

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

External appointments[1]

None.

David Clarkson

Non-Executive Director

Appointed: December 2017

H R CC

Experience

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

Key strengths

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

External appointments[1]

None.

Committee memberships

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

Dr. Djamila Ferdjani

Non-Executive Director

Appointed: December 2022

R H

Experience

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

She is a founding Board member of Afrikajom (the leading pan-African human rights-focused think tank) and is the founder and President of MEDCOM (a Niger focused medical and educational NGO). She is a former member of the Executive Committee of the Orange Niger Foundation. Djamila is a regular speaker at African focused human rights events.

Key strengths

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

External appointments[1]

President of MEDCOM.

Mark Iannotti

Non-Executive Director

Appointed: July 2014

A R CC

Experience

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

Key strengths

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

External appointments[1]

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

Steve Jenkins

Non-Executive Director

Appointed: July 2014

H

Experience

Steve joined Savannah as Non-Executive Director and Chair of the Board in July 2014. He retired as Chair in June 2023 but remains on the Board as a Non-Executive Director. 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[1]

Director of Viaro Energy Limited, Microenergy Generation Services Limited, Terrain Energy Limited and Evoterra Limited.

Chair's introduction

> "With a good governance structure at our core, the Board can confidently navigate the Group through even the most challenging of market conditions."
>
> **Joseph Pagop Noupoué**
> Chair of the Board

I am very pleased to be able to provide my first Corporate Governance Report to the shareholders.

This report describes how our governance framework helps us meet our objectives, realise our strategy and achieve long-term, sustainable success. Savannah adopts the 2018 QCA Code as the basis of the Group's governance framework. The following pages 112 to 114 of the Corporate Governance Report further detail my role, the role of the Board and Committees and how Savannah has applied the principles of the QCA Code across its governance structure.

In 2023, the Board and its Committees continued to oversee the operations and governance of our assets. The Board and Committees experienced certain changes during 2023. I was appointed to the Board as a Non-Executive Director in April 2023, and succeeded Steve Jenkins as Chair following the 2023 AGM. Sylvie Rucar resigned from the Board in July 2023. I thank Steve and Sylvie for their contribution to the Company. In addition, after reflecting on the governance requirements of the Group and the breadth of the Directors' skills, the Board decided to adopt a number of changes to the structure of the Committees, including:

- Changing the membership composition of the committees;
- Transferring the risk responsibilities from the Audit Committee to the Health, Safety, Environment, Security and Risk Committee; and
- Reviewing and updating the terms of reference for certain Committees.

The resulting alignment of the Board, its Committees and the executive team means we are in a strong position to deliver the Group's strategy and long-term value to both internal and external stakeholders.

In order to ensure that the continued development of the Board is in parallel with the pace of the expansion and dynamism of the Company, during 2024 we intend to undertake an evaluation of the Board, its Committees and each Director. As evidenced by the new Director appointments over the last two years, the Board continues to place significant value on having Directors with diverse outlooks and varied experiences to achieve the balance of skills required to run a company such as Savannah during this stage of its growth cycle.

The proper and effective management of the Company is held in the utmost regard by the Directors. The Board is dedicated to maintaining and prioritising a high standard of corporate governance upon which the operations of the Group can rely. As a Board, we are continuously striving to meet the expectations of our shareholders, engage with our wider stakeholders and meet our social responsibilities. The following pages describe how this is carried out through the work of the Board and its Committees.

Finally, I am honoured by the Chairship I commenced in 2023. I would like to take this opportunity to express my gratitude for the continued support and commitment that the Company has received from all of its employees, shareholders, partners and wider stakeholders.

Joseph Pagop Noupoué
Chair of the Board
6 June 2024

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. The Board has adopted the QCA Code as the basis of the Group's governance framework and reviewed its existing governance policies and procedures to align them with the recommendations of the QCA Code. The Corporate Governance Report on page 112 explains the key features of the Company's governance structure and describes how Savannah applies the principles of the QCA Code.

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 Group evolves.

Governance

1 Principle 1

Establish a strategy and business model for shareholders.

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

2 Principle 2

Seek to understand and meet shareholder needs and expectations.

See Corporate Governance Report and Section 172 Statement

3 Principle 3

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

See Strategic Report, in particular Section 172 Statement and Sustainability Review

4 Principle 4

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

See Strategic Report, in particular Principal Risks, and the Health, Safety, Environment, Security and Risk Committee Report in the Governance section

5 Principle 5

Maintain 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

6 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

7 Principle 7

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

See Corporate Governance Report, in particular Chair's Introduction to Governance and Succession Planning

8 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

9 Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.

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

10 Principle 10

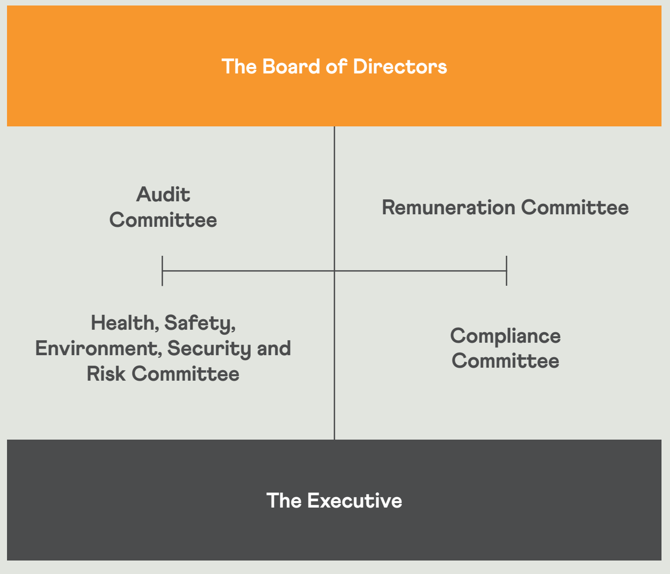
Communicate how the Company is governed and is performing by maintaining dialogue with stakeholders.

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

Our governance framework

Board responsibilities

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 wider stakeholders and it always considers how the Board's decisions impact them in the longer term. In the Section 172 Statement on page 42, 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. The schedule of matters reserved for the Board was updated in December 2023.



Board Committees

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. Each Committee operates within a scope and remit defined by specific terms of reference determined by the Board. During 2023, the Board reviewed and adopted a number of changes to the structure of the Committees, including:

- Changing the membership composition of the Committees;
- Transferring the risk responsibilities from the Audit Committee to the Health, Safety, Environment, Security and Risk Committee; and
- Reviewing and updating the terms of reference for certain Committees.

The Annual Report includes a report from each of these Committees and describes the work each Committee has undertaken during the year. The composition and role of each Committee is summarised from page 115. The terms of reference of each Committee are available on the Company's website.

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 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 in-house team, which 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 2023 attendance record of individual Directors at Board meetings and Committee meetings is on page 106.

Committee membership Name	Audit Committee	Remuneration Committee	Compliance Committee	HSES&R Committee
Joseph Pagop Noupoué	—	●	●	●
Sir Stephen O'Brien	●	—	(Chair) ●	●
Andrew Knott	—	—	—	—
Nick Beattie	—	—	—	—
Sarah Clark	●	—	—	—
David Clarkson	—	(Chair) ●	●	(Chair) ●
Dr Djamila Ferdjani	—	●	—	●
Mark Iannotti	(Chair) ●	●	●	—
Steve Jenkins	—	—	—	●

Composition and qualifications of the Board

The Board comprises of nine Directors: the Non-Executive Chair; the Non-Executive Vice Chair; five further Non-Executive Directors; and two Executive Directors (the Chief Executive Officer and the Chief Financial Officer). The names and responsibilities of all current Directors are set out on pages 107 to 109. In April 2023, Joseph Pagop Noupoué was appointed as a Non-Executive Director and at the AGM in June 2023 was appointed as Chair of the Board.

The Directors' biographies on pages 107 to 109 illustrate the wide range of skills, experience and diversity of perspective that the Directors bring to the Board to lead and support the executive team in the development and execution of the Group's 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 Chair and the Chief Executive Officer

The roles of the Chair and Chief Executive Officer are separate, with a clear division of responsibilities.
The separation of authority enhances independent oversight of the executive team 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 Chair 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 Chairs perform the same role for their respective Committees. The Chief Executive Officer is responsible for managing the day-to-day operations and the implementation of the strategy of the Company on behalf of the Board. The Company's performance and development planning are considered by the Directors in the context of the Company's overall strategy and goals, within the Company's risk and governance frameworks and taking into account their impact on stakeholders in the longer term. With a culture of openness and debate, the Directors can discuss and challenge the actions of the executive team, as well as the views of all Directors, promoting sound 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 options awarded to certain Non-Executive Directors encourage the alignment of their interests with those of the Company's shareholders and are not material enough to compromise their independence, character and judgement. In line with the QCA Code, the Board is therefore of the view that the Non-Executive Directors each continue to be independent in character and judgement and free from relationships or circumstances that could affect their independence. Joseph Pagop Noupoué, the Chair of the Board, was deemed to have met the criteria for independence as set out in the QCA Code, 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 of Association allow the Board to authorise any potential or actual conflict of interest that a Director may have, and a process to identify and deal with any such conflicts is in place. Should a Director become aware that they, or their connected parties, have a new potential or actual conflict of interest, they must notify the Board. The Board then deals with each conflict on its merits, taking into consideration all the relevant circumstances. All potential and actual conflicts approved by the Board are recorded in a Register of Interests, which is reviewed by the Board at each Board meeting.

Appointments and approach to tenure

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

All Non-Executive Directors, including the Chair, 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 121.

Time commitment

The Executive Directors are expected to devote substantially the whole of their time to their duties. The Chair is required to spend a minimum of two days per week on the Company's business, and the other Non-Executive Directors are expected to spend up to 30 days per annum.

Meeting format

The Board held physical and virtual meetings during 2023. The Chair continues to offer the Non-Executive Directors the opportunity to meet regularly, as necessary, in the absence of the Executive Directors.

Succession planning

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 actively keeps this decision under review as the Group evolves.

Ethical conduct and culture

The Company is committed to promoting a healthy and responsible corporate culture. Accordingly, a number of policies and mechanisms are in place to ensure that ethical values and behaviours and fair business practices are embedded in the way the Group 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 the Group only does business with persons who are engaged in legitimate business activities and who use funds from legitimate sources.

Whistleblowing and anti-bribery and corruption controls

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

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

Stakeholders

Employees

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

At the end of 2023, Savannah had 276 employees. 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, sustainability and performance-related remuneration, and that the Directors understand the views of major shareholders on such matters. The Company communicates with shareholders and potential investors through a variety of channels, including the Annual Report, regulatory announcements, operational updates and a proactive and comprehensive investor relations programme which is managed in line with operational developments, corporate news flow and the Company's financial calendar. In 2023, the Executive Directors and the investor relations team continued to maintain regular dialogue with major institutional investors and analysts and provided the Board with regular reports on investor and analyst feedback. Presentations to investors are posted on the Company's website. The Executive Directors are available to meet or speak to institutional investors to explain the Group's strategy and performance, and to listen to investors' views.

The Chair and Non-Executive Directors are also available to meet or speak to shareholders on request.

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

The AGM is also another opportunity for shareholders to meet and speak to members of the Board directly. In addition to the physical meeting, the 2023 AGM was live streamed on the internet. As shareholders watching the meetings online could not vote or ask questions on the day, they were encouraged to vote by proxy ahead of the meeting and, if they wished to ask questions, to send them to the Company before the meeting so that they could be answered during the meeting. The Company maintains a database of meetings held by the Directors with shareholders, potential investors and analysts. Reports on meetings held with existing and potential investors and briefings from the Company's corporate brokers are provided to the Directors and discussed at Board meetings. Analysts' reports received on the Company are reviewed and monitored by the executive 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. The Company 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 66.

Policies, procedures and systems to underpin our growth

"In 2023, the Committee continued to ensure that there is a robust process followed in relation to financial reporting and oversight of the external audit engagement."

Mark Iannotti
Chair, Audit Committee

About the Audit Committee

Committee Chair: Mark Iannotti

Other members: Sir Stephen O'Brien, Sarah Clark

Meetings held: 6

Key responsibilities:

- Advising the Board (independently of the Executive Directors and external auditor) whether it considers the Company's corporate reporting including the Annual Report and Accounts to be fair, balanced and understandable;
- Monitoring the Company's financial reporting processes and the integrity and content of the financial statements, including reviewing, reporting and making recommendations to the Board on significant financial reporting issues and judgements;
- Reviewing whether, and in what form, the Company will have an internal audit function;
- Monitoring, overseeing and assessing the Group's strategy and framework of policies, procedures, systems and controls to identify, assess, manage and report on compliance matters, including the prevention and detection of fraud and tax evasion;
- Reviewing and approving the annual audit plan and reviewing the audit findings with the external auditor, and
- Assessing external auditor objectivity and independence and reviewing the performance and remuneration of the external auditor.

Areas of focus in 2023:

During the financial year ended 31 December 2023, the Committee:

- 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;
- Monitored and assessed the Group's financial performance throughout the year;
- Oversaw the finance team organisation and systems to support the Group's growth;
- Considered the debt facilities available to and required by the Group; and
- Reviewed the Committee's terms of reference.

Committee attendance

The number of Committee meetings attended by each member during the 2023 financial year was as follows:

Members	Meetings attended	Attendance
Mark Iannotti (Chair)	6/6	100%
Sarah Clark*	5/5	100%
Sir Stephen O'Brien	6/6	100%
Sylvie Rucar**	1/2	50%
David Clarkson***	1/1	100%

* Appointed to the Committee in February 2023.

** Appointed to the Committee in February 2023. Resigned from the Committee and the Board in July 2023.

*** Resigned from the Committee in February 2023.

Audit Committee report continued

Role of the Audit Committee

The role of the Committee in 2023 was to support the Board in discharging its oversight responsibilities with regard to reviewing the financial reporting process, the system of internal controls and management of risk with respect to the same, assessing the effectiveness of the audit process, and the procedures for monitoring compliance. Any significant findings raised by the external auditor during its review of the half-yearly results or audit of the full-year results are reviewed and discussed by the Committee and reported or referred to the Board as appropriate.

In February 2023, the Board approved the transfer of risk responsibilities from the Audit and Risk Committee to the Health, Safety, Environment and Security Committee. To reflect this change in remit of the Committees, the Health, Safety, Environment and Security Committee became the Health, Safety, Environment, Security and Risk Committee, while the Audit and Risk Committee became the Audit Committee.

Due to the change in remit, the Committee reviewed and updated its terms of reference, which were subsequently approved by the Board. The terms of reference for the Committee are available on the Company's website.

Membership of the Audit Committee

The Committee continued to be chaired by Mark Iannotti during 2023. In February 2023, David Clarkson resigned from the Committee and Sarah Clark and Sylvie Rucar were appointed. Sylvie Rucar subsequently resigned from the Committee and the Board in July 2023.

If required, at the request of the Chair of the Committee, the Chief Financial Officer, the Group Financial Controller, other members of the executive team and the external auditor are also invited to attend meetings.

Significant issues related to the financial statements

In respect of the year ended 31 December 2023, and following an assessment of the risks facing the Group, the Committee considered the following issues, among others, to be significant to the financial statements:

- The accounting for, and valuation of, the Group's investment in COTCo[1,2];
- Discontinued operations and impairment of the investment in TOTCo and operations in Chad;
- Exploration and evaluation assets and tangible oil and gas assets – review of any impairment triggers;
- Trade receivables and Expected Credit Loss provisioning;
- Borrowings and interaction with going concern; and
- Appropriate recognition of oil and gas revenue -including 'cut off', recognition of contract liabilities and make-up gas utilisation.

The Committee has, in particular, considered at length the appropriate accounting approach in relation to the Nationalisation of the Chad Assets. The Committee has received papers from management and has further engaged with the external auditors on this matter. The Committee has concluded that the presentation in the financial statements is appropriate.

External audit

BDO LLP ("BDO") was re-appointed as the external auditor of the Group at the Annual General Meeting in June 2023. The Committee will review the continued appointment of BDO each year, taking into account the relevant legislation, guidance and best practice appropriate for a company of Savannah's size, nature and stage of development.

The Committee considered the performance of the external auditor and the effectiveness and quality of the audit process by discussing the results of the 2023 external audit, including the auditor's views on material accounting issues and key judgements and estimates; considering the robustness of the audit process; reviewing the quality of the people and service provided by BDO; and assessing its independence and objectivity. The Committee carefully considered the independence of the auditor and received confirmation that the firm was independent of the Group and continued to comply with relevant regulatory and ethical requirements for auditors in the UK.

The Committee believes that it may be appropriate in certain, limited circumstances for the Company to engage its external auditor to provide non-audit services. The provision of any such services is reviewed by the Committee, seeking to ensure that the external auditor's independence and objectivity are not impaired or perceived to be impaired. The fees paid to BDO in respect of non-audit services amounted to approximately 13% of the statutory audit fees and were in respect of certain procedures conducted in relation to the financial statements for the six months ended 30 June 2023. Refer to Note 8 to the Group's consolidated financial statements for more details.

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

Mark Iannotti
Chair, Audit Committee
6 June 2024

Aligning rewards with the goals, strategy and values of the Company

"The Committee has been refreshed during the year with two new members and a new Chair. The Committee believes the remuneration outcome fairly reflects the performance of the Company during the period, and that the remuneration policies will support the delivery of both our short and long-term goals."

David Clarkson
Chair, Remuneration Committee

About the Remuneration Committee

Committee Chair: David Clarkson

Other members: Joseph Pagop Noupoué, Dr Djamila Ferdjani, Mark Iannotti

Meetings held: 3

Key responsibilities:

- Determining and agreeing the Company's remuneration policy with the Board;
- Defining and establishing remuneration for the Non-Executive Chair, the Executive Directors, and the senior leadership team;
- Reviewing and determining the remuneration policy across the Group, and
- Determining that remuneration, benefits and rewards are designed and aligned to achieve the goals, strategy and values of the Company.

Committee attendance

The number of Committee meetings attended by each member during the 2023 financial year was as follows:

Members	Meetings attended	Attendance
David Clarkson (Chair)*	3/3	100%
Mark Iannotti	3/3	100%
Dr Djamila Ferdjani**	3/3	100%
Joseph Pagop Noupoué***	3/3	100%

* Appointed as Chair of the Committee in February 2023.

** Appointed to the Committee in February 2023.

*** Appointed to the Committee in April 2023.

Areas of focus in 2023:

During the financial year ended 31 December 2023, the Committee:

- Reviewed the performance of the Chief Executive Officer, Chief Financial Officer and other senior executives, and determined the bonus awards for the 2022 performance year;
- Oversaw the appointment of a new Non-Executive Director to the Board;
- Reviewed the remuneration for Non-Executive Directors; and
- Completed a review and updated of the terms of reference for the Committee.

Remuneration Committee report continued

Role of the Remuneration Committee

The role of the Committee is to support the Board in determining remuneration policies and practices which support the Company's strategy and promote long-term sustainable success, and set remuneration aligned with, and linked to, the successful delivery of the Company's purpose, its values and long-term strategy.

In February 2023, the Board approved the change in remit of the Remuneration and Nomination Committee, which became the Remuneration Committee.

In 2023, the Committee also reviewed and updated its terms of reference, which were subsequently approved by the Board. The terms of reference for the Committee are available on the Company's website.

Membership of the Remuneration Committee

Mark Iannotti was the Interim Chair of the Remuneration and Nomination Committee until February 2023 when David Clarkson was appointed to the role of Chair of the Remuneration Committee. At the same time, Steve Jenkins resigned from the Committee and Dr. Djamila Ferdjani was appointed. Joseph Pagop Noupoué was subsequently appointed to the Committee following his appointment to the Board in April 2023.

If required, at the request of the Chair of the Committee, the Chief Executive Officer and other members of the executive team are invited to attend meetings.

Executive remuneration review

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

The alignment of interests of the executive team with shareholders is of critical importance to the Company and our equity linked incentive schemes are therefore designed to encourage long-term thinking amongst the executive team whilst also acting as a retention tool given the extended vesting periods and lock-ins which apply.

Bonuses paid to employees in 2023 related to the 2022 performance year and key performance highlights for that included:

- Total Revenues[(a)] growing organically by 26% year on year;
- Adjusted EBITDA[(c)] increased by 27% year on year;
- Substantial progress seen in the Renewable Energy Division with agreements signed to progress up to 525 MW of renewable energy projects in motion;
- The completion of the acquisition of ExxonMobil's assets in Chad and Cameroon; and
- The signature of share purchase agreement to acquire PETRONAS' assets in South Sudan.

Non-Executive Director contracts

Joseph Pagop Noupoué joined the Board as a Non-Executive Director in April 2023. At the Company's AGM in June 2023, Steven Jenkins retired as Chair of the Board, and was replaced by Joseph Pagop Noupoué. The letters of appointment for the Non-Executive Directors are available for inspection at the Company's registered office.

The biographies of all of the Non-Executive Directors are provided on pages 107 to 109.

The Directors' Remuneration Report is set out on pages 119 to 123.

David Clarkson
Chair, Remuneration Committee
6 June 2024

Rewards that promote the 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 under the Companies Act 2006 and AIM listing rules but has chosen to do so in the interests of transparency.

Directors' remuneration policy

The Board aims to provide remuneration packages that are competitive and help to attract, retain and motivate high-quality individuals who are capable of delivering the Group's objectives and promoting the long-term, sustainable success of the Company. The Board believes that structuring the remuneration packages with a significant performance-related element supports the execution of the Group's strategy and aligns the Directors' interests with those of shareholders. The table below sets out the main elements of the Directors' remuneration. The overall package is weighted towards performance-related pay, with an appropriate focus on the Company's sustainable, long-term performance through the award of long-term incentives.

Component	Purpose and link to strategy	Overview
Executive Directors		
Basic salary	To attract, retain and motivate talented individuals who are critical to the Group's success.	Reviewed by the Remuneration 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 Committee.
Employer's pension contribution	To attract and retain talented individuals who are critical to the Group's success.	The Executive Directors are entitled to receive an employer's pension contribution equivalent to 10% of their 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 Board 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		
Employee Plan 2018	To incentivise management and employees of the Group.	Awards are in the form of nil-cost options made over Ordinary Shares in the Company held in an employee benefit trust, subject to certain conditions, described further in this report.
Officers Plan 2020	To incentivise officers (whether or not employees) of the Group.	Awards are in the form of nil-cost options made over unissued Ordinary Shares in the Company.
Employee 2014/15 Replacement Plan 2021	To incentivise and retain key individuals within the Company.	Awards are over unissued shares in the Company. This scheme replaced two previous schemes from 2014 and 2015 and is closed to new entrants.
Employee Plan 2021	To incentivise management and employees of the Group.	Awards are in the form of nil-cost options over Ordinary Shares in the Company held in an employee benefit trust, subject to certain conditions, described further in this report.

Employee Plan 2018

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

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

The Board must not grant an option which would cause the number of Ordinary Shares allocated under the Employee Plan 2018 and any other share plan adopted by the Company from time to time to exceed such number as represents approximately 10% of the fully diluted ordinary share capital of the Company in issue from time to time.

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

Awards may be granted over pre-existing ordinary shares held by the Employee Benefit Trust.

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

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

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

Officers Plan 2020

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

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

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

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

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

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

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

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

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

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

Employee 2014/15 Replacement Plan 2021

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

Options may be granted to employees (including Directors) and officers (whether or not employees) of the Group. Whereas the Board has an absolute discretion as to the selection of employees or officers to whom options may be granted, currently options are only granted under the Employee 2014/15 Replacement Plan 2021 to participants who surrendered awards granted to them under the historic (and closed) Long Term Incentive Plan and the Supplemental Plan.

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

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

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

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

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

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

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

Employee Plan 2021

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

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

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

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

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

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

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

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

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

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

In certain circumstances, where there have been unsatisfactory actions by an option holder, the Board may reduce the option by such number of option shares as the Board considers to be fair and reasonable, taking account of all circumstances that the Board considers to be relevant. Where the option has already been exercised, the Board may determine a cash clawback amount in relation to the Ordinary Shares acquired on such exercise. The Board may at any time alter or add to any of the provisions of the Employee Plan 2021 in any respect.

Directors' service contracts or letters of appointment

Andrew Knott (Chief Executive Officer)

Mr Knott is appointed as Chief Executive Officer. Mr Knott's service agreement shall continue until terminated by the Company on 12 months' written notice. Under the terms of the agreement, Mr Knott is entitled to an annual salary of £650,475 (2022: £650,475), which is payable on a monthly basis and, at the sole discretion of the Company's Remuneration Committee, a bonus of up to three times his annual salary. Mr Knott is also eligible to participate in any management incentive programme that the Group may adopt. Mr Knott receives an employer's pension contribution equal to 10% of his annual salary. The service agreement provides for early termination, inter alia, in the event of a serious breach of the agreement. Mr Knott's service agreement will be terminated in the event that Mr Knott ceases to be a Director.

Nick Beattie (Chief Financial Officer)

Mr Beattie is appointed as Chief Financial Officer. Mr Beattie's service agreement shall continue until terminated on six months' written notice. Under the terms of the agreement, Mr Beattie is entitled to an annual salary of £425,000 (2022: £350,000), which is payable on a monthly basis and, at the sole discretion of the Company's Remuneration Committee, an annual bonus. Mr Beattie receives an employer's pension contribution equal to 10% of his annual salary. The service agreement provides for early termination, inter alia, in the event of a serious breach of the agreement. Mr Beattie's service agreement will be terminated in the event that Mr Beattie ceases to be a Director.

Non-Executive Directors

The Non-Executive Directors are appointed under letters of appointment which are terminable by six months' written notice by either side.

The Chair's basic annual fee is based on his spending a minimum of two days per week on the Company's business, and the other Non-Executive Directors' fees are based on up to 30 days per annum.

Non-Executive Directors continued

Under the terms of their letters of appointment, Mr Pagop Noupoué is entitled to an annual fee of £325,000 and the remaining Non-Executive Directors are each entitled to an annual fee of £75,000 (2022: £75,000).

Subject to continued satisfactory performance, the Board does not think it appropriate to limit the term of appointment of the Non-Executive Directors. However, the Board recognises the value of regular refreshing of its composition and remains committed to ensuring that it has the right mix of skills and experience that are aligned with the evolution and strategic plans of the Company, while maintaining its independence of character and judgement. The Directors believe that the value brought through continuity and experience of Directors with longer periods of service is desirable for a company such as Savannah. With an objective to deliver long-term and consistent returns to shareholders, it is important that the Board is able to maintain its long-term perspective effectively, 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 December 2023	Salary US$	2022 Performance-related bonus US$	Pension contribution US$	Other benefits US$	Fees US$	Total US$
Executive Directors						
Andrew Knott[1,2]	808,947	1,485,663	80,895	4,115	—	2,379,620
Nicholas Beattie[3]	505,963	446,145	57,595	4,871	—	1,014,574
Non-Executive Directors						
Joseph Pagop Noupoué	—	—	—	—	221,571	221,571
Steve Jenkins	—	—	—	—	221,171	221,171
David Clarkson	—	—	—	—	94,402	94,402
Sir Stephen O'Brien	—	—	—	—	94,402	94,402
Mark Iannotti	—	—	—	—	94,402	94,402
Sarah Clark[4]	—	—	—	—	98,922	98,922
Dr Djamila Ferdjani[4]	—	—	—	—	98,922	98,922
Sylvie Rucar[6]	—	—	—	—	43,809	43,809
Total	1,314,910	1,931,808	138,490	8,986	967,601	4,361,795

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

Year ended 31 December 2022	Salary US$	2021 Performance-related bonus US$	Pension contribution US$	Other benefits US$	Fees US$	Total US$
Executive Directors						
Andrew Knott[1,2]	802,290	2,010,122	80,229	4,358	—	2,896,999
Nicholas Beattie[3]	233,825	—	23,383	2,400	—	259,608
Non-Executive Directors						
Steve Jenkins	—	—	—	—	216,477	216,477
David Clarkson	—	—	—	33,900	74,221	108,121
Sir Stephen O'Brien	—	—	—	—	74,221	74,221
Mark Iannotti	—	—	—	—	74,221	74,221
David Jamison[5]	—	—	—	—	38,956	38,956
Sarah Clark[4]	—	—	—	—	5,623	5,623
Dr Djamila Ferdjani[4]	—	—	—	—	5,623	5,623
Total	1,036,115	2,010,122	103,612	40,658	489,342	3,679,849

1. Highest paid Director.
2. Andrew Knott receives his employer's pension allowance equivalent to 10% of salary as cash.
3. Nicholas Beattie was appointed as an Executive Director on 7 June 2022.
4. Sarah Clark and Dr Djamila Ferdjani were appointed as Non-Executive Directors on 9 December 2022.
5. David Jamison ceased as a Non-Executive Director on 30 June 2022.
6. Sylvie Rucar was appointed as a Non-Executive Director on 1 February 2023, and resigned on 20 July 2023.

Note: Directors' remuneration is incurred in GB Pounds. The average rate of exchange for the year ended 31 December 2022 was US$1.34/£1.00 and the average rate of exchange for the year ended 31 December 2023 was US$1.26/£1.00.

Directors' shareholdings and share interests

The table below sets out the Directors' interests in the ordinary shares of the Company, including shares held by persons connected to them, together with the number of awards held by Directors under the Employee Plan 2018, the Officers Plan 2020, the Employee 2014/15 Replacement Plan 2021 and the Employee Plan 2021 as at 31 December 2023 and as at 6 June 2024, being the latest practicable date prior to the publication of this report.

	As at 31 December 2023 Number of ordinary shares	Number of ordinary shares[1]	% of issued shares[1]	Share options issued pursuant to the Employee Plan 2018[1,2]	Share options issued pursuant to the Officers Plan 2020[1,2]	Share options granted under the 2014/15 Replacement Plan 2021[1]	Share options granted under the Employee Plan 2021[1]	Warrants to subscribe for new ordinary shares[1,3]
Executive Directors								
Andrew Knott	**48,555,409**	**48,555,409**	**3.72%**	21,312,418	2,200,000	17,035,204	—	101,113,992
Nick Beattie	—	—	—	—	187,500	—	5,806,695	—
Non-Executive Directors								
Joseph Pagop Noupoué	**6,095,726**	**6,095,726**	**0.46%**	—	—	—	—	—
Steve Jenkins	**722,198**	**722,198**	**0.06%**	—	—	2,805,215	—	—
David Clarkson	**1,630,488**	**1,630,488**	**0.12%**	—	142,857	—	—	—
Sir Stephen O'Brien	**533,999**	**533,999**	**0.04%**	—	142,857	—	—	—
Mark Iannotti	**5,367,984**	**5,367,984**	**0.41%**	—	—	2,805,215	—	—
Sarah Clark	—	—	—	—	—	—	—	—
Dr Djamila Ferdjani	—	—	—	—	—	—	—	—
Total	**62,905,804**	**62,905,804**	**4.81%**	21,312,418	2,673,214	22,645,634	5,806,695	101,113,992

1. As at 6 June 2024.
2. Share options granted under the Employee Plan 2018 , the Officers Plan 2020 and the Employee Plan 2021 are over ordinary shares held in an Employee Benefit Trust.
3. The warrants are held by Lothian Capital Partners 4 Limited ("LCP4 Limited"), a company wholly owned by Andrew Knott and were issued on 30 December 2021. This was classified as a related party transaction and was duly approved by shareholders on 24 January 2022. The warrants expire on 30 June 2029 and have an exercise price of 23.5 pence.

The closing share price of one Savannah share on 31 December 2023 was 26.25 pence. Trading in the Company's shares was suspended on the London Stock Exchange throughout 2023 so the highest and lowest prices during the year were also 26.25 pence, respectively.

On behalf of the Board

David Clarkson
Chair, Remuneration Committee
6 June 2024

Compliance Committee report

Ensuring the effectiveness of the compliance framework

"Compliance is embedded within the business practices of Savannah and the Committee continues to monitor controls and systems, and seek out best practices."

Sir Stephen O'Brien
Chair, Compliance Committee

About the Compliance Committee

Committee Chair: Sir Stephen O'Brien

Other members: Joseph Pagop Noupoué, David Clarkson, Mark Iannotti

Meetings held: 4

Committee attendance

The number of Committee meetings attended by each member during the 2023 financial year was as follows:

Members	Meetings attended	Attendance
Sir Stephen O'Brien (Chair)	4/4	100%
David Clarkson	4/4	100%
Mark Iannotti	4/4	100%
Joseph Pagop Noupoué*	2/2	100%

* Appointed to the Committee in April 2023.

Key responsibilities:

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

Areas of focus in 2023:

During the financial year ended 31 December 2023, the Committee:

- Agreed the content for and monitored the annual mandatory compliance training programme which covers anti-bribery and corruption and whistleblowing (for all staff), data privacy and anti-money laundering and prevention of tax evasion (for relevant staff). The Company's mandatory and selective training extends to all jurisdictions in which we have operations and employees and is required by all new joiners and acquired staff upon joining the Group;
- Received and reviewed quarterly compliance reports from the Chief Compliance Officer including any matters referred to the Chief Compliance Officer for advice and/or decision;
- Reviewed and updated the Group's Market Abuse Regulation policy and also reviewed the Group's Whistleblowing, Human Rights and Anti-Corruption & Anti-Money Laundering policies;
- Continued to review and monitor the corruption risk in the jurisdictions in which we operate in relation to key business processes such as third-party engagements, government interactions, host community engagements, gift and entertainment limits/threshold and conflicts of interest;
- Reviewed and provided advice to the Board on key compliance risks in relation to new business opportunities being considered by the Group;
- Continued to monitor the whistleblowing hotline; and
- Reviewed compliance with appropriate data privacy regulations in all jurisdictions in which the Group operates.

Role of the Compliance Committee

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.

Membership of the Compliance Committee in 2023

The Committee continued to be chaired by Sir Stephen O'Brien during 2023. Joseph Pagop Noupoué was appointed to the Committee following his appointment to the Board in April 2023.

During 2023, the Company's Chief Financial Officer and Chief Compliance Officer attended all meetings of the Committee. If required, at the request of the Chair of the Committee, other members of the executive team are also invited to attend meetings.

Sir Stephen O'Brien
Chair, Compliance Committee
6 June 2024

Health, Safety, Environment, Security and Risk Committee report

Tailoring our systems to enhance safety, operational integrity and sustainability

"2023 was a strong year from a Health, Safety, Environment, Security and Risk perspective. The Committee was particularly pleased to note the achievement of one million working hours without an LTI in September 2023."

David Clarkson
Chair, Health, Safety, Environment, Security and Risk Committee

About the Health, Safety, Environment, Security and Risk Committee

Committee Chair: David Clarkson

Other members: Joseph Pagop Noupoué, Sir Stephen O'Brien, Dr Djamila Ferdjani, Steve Jenkins

Meetings held: 4

Key responsibilities:

- Monitoring and testing the:
  - Group's performance in respect of safety and operational integrity and sustainability; and
  - effectiveness of the Group's systems of internal control for the safety, operational integrity and operational sustainability matters, including applicable management systems, policies, practices, processes, leadership and culture;
- Monitoring the management and mitigation of the principal risks allocated to the Committee by the Board and such emerging risks as the Committee may determine fall within its scope from time to time;
- Reviewing and testing management response to relevant Group reports and the finding of selected safety investigations; and
- Reviewing the Company's annual Sustainability Review and such other materials intended for disclosures or publication as may be allocated to the Board from time to time.

Areas of focus in 2023:

During the financial year ended 31 December 2023, the Committee:

- Received regular operational updates on health, safety, environmental, security and operational integrity risks, including accidents, near-misses, environmental compliance matters and security of operations and infrastructure assets;
- Promoted the Board's commitment to ensuring open and transparent reporting, appropriate behaviours, decision making and learning and development;
- Monitored the Company's efforts to engage with the communities and stakeholders across our enlarged operations base;
- Monitored the Company's materiality assessment and compliance with ESG reporting standards; and
- Reviewed the Company's risk register and monitored the action taken to mitigate current and emerging risks.

Committee attendance

The number of Committee meetings attended by each member during the 2023 financial year was as follows:

Members	Meetings attended	Attendance
David Clarkson (Chair)	4/4	100%
Sir Stephen O'Brien	4/4	100%
Steve Jenkins	3/4	75%
Dr Djamila Ferdjani*	3/3	100%
Joseph Pagop Noupoué**	3/3	100%

* Appointed to the Committee in February 2023.

** Appointed to the Committee in April 2023.

Role of the HSES&R Committee

During 2023, the Board approved the transfer of risk responsibilities from the Audit and Risk Committee to the Health, Safety, Environment and Security Committee, which became the HSES&R Committee. The role of the Committee is to support the Board in discharging its responsibilities 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; and
- Monitor the management and mitigation of the principal and emerging business risks identified in the Group.

As described in pages 76 to 79 of the Sustainability Review, HSE&S management measures are core to the Company's operational and sustainability management. Due to the change in responsibility remit, the Committee reviewed and updated its terms of reference, which were subsequently approved by the Board. The terms of reference for the Committee are available on the Company's website.

Membership of the HSES&R Committee in 2023

The Committee continued to be chaired by David Clarkson during 2023. Given the revised remit of the Committee, the Board decided to increase the size and breadth of skills on the Committee. Dr Djamila Ferdjani was appointed to the Committee in February 2023 and Joseph Pagop Noupoué was appointed to the Committee following his appointment to the Board in April 2023.

During 2023, attendees at the Committee meetings also included the Chief Operating Officer, Chief Financial Officer, Head of HSE, Head of Security, ESG Manager and other members of the executive team. This has established a constructive collegiate approach to achieving the Company's goals and establishing a continuous improvement culture.

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 involves 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, but 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. This involves Directors and senior management exercising a degree of judgement.

A number of policies and procedures are also in place as part of the Group's internal control framework and these are regularly reviewed and updated to ensure such internal controls remain relevant and effective.

During 2023, the Committee reviewed the corporate risk profile at regular intervals. This entailed following trends in the principal strategic, operational, financial and sustainability risks and the reasons for any changes, and monitoring the action taken to mitigate current and emerging risks.

The principal risks faced by the business, their potential impacts and how they are mitigated are described in the Principal Risks section on page 101.

David Clarkson
Chair, Health, Safety, Environment, Security and Risk Committee
6 June 2024

Focus on delivering growth in long-term shareholder value

The Directors' report, prepared in accordance with the Companies Act 2006, comprises page 128. The Corporate Governance Report on pages 112 to 114 forms part of this Directors' Report.

Principal activity, review of the business and future developments

The principal business and activities of the Group during the financial year, together with the factors likely to affect its future developments, are set out in the strategic report on pages 1 to 104, which are incorporated into this Directors' report by reference.

Corporate structure

Savannah Energy 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 during the year under review are shown on pages 107 to 109.

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 that are likely to affect it, are set out in the Strategic Report on pages 1 to 104, and the financial position of the Group at the year end and its cash flows and liquidity position are set out in the Group's consolidated financial statements.

The Directors have reviewed the budgets and forecasts as well as the funding requirements of the business for the period to 31 October 2025. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 96 to 99.

The Directors continue to adopt the going concern basis in preparing the consolidated financial statements. Please refer to Note 2 on page 147 for further details on the going concern review.

Dividends and share buybacks

The commencement of a policy of delivering shareholder distributions, by way of dividends and/or share buybacks, is kept under regular review by the Board.

External auditor

BDO was re-appointed as the external auditor of the Group at the Annual General Meeting on 30 June 2023. The Audit Committee will review the continued appointment of BDO each year, taking into account the relevant legislation, guidance and best practice appropriate for a company of Savannah's size, nature and stage of development.

Post balance sheet events

Please refer to Note 42 in the financial statements.

Purchase of own shares

The Company has not acquired any of its own shares in the period to 31 December 2023, nor in the period up to the date of approval of this Annual Report.

Disclosures relating to the Streamlined Energy and Carbon Reporting framework

The disclosures required in relation to greenhouse gas emissions and energy usage are provided in the Sustainability Review on page 87.

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. 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 2023.

Approval of Directors' Report

This Directors' Report, including the Corporate Governance Report, was approved for and on behalf of the Board on 6 June 2024.

For and on behalf of the Board.

Andrew Knott
Chief Executive Officer
6 June 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors consider the Annual Report and the financial statements, taken as a whole, provide the information necessary to assess the Company's position, performance, business model and strategy and are fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Andrew Knott
Chief Executive Officer
6 June 2024

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Independent auditor's report

to the members of Savannah Energy PLC

Qualified Opinion on the financial statements

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion section of our report:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Savannah Energy PLC (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and Notes to the financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for qualified opinion

a) As explained in Note 2, the impact of the Republic of Chad's nationalisation of the Group's interest in the Chad assets resulted in these assets being impaired and also being accounted for as a discontinued operation in the year ended 31 December 2023. The resulting accounting impact is included in the profit after tax from discontinued operations in the consolidated statement of comprehensive income totalling US$89,040,000 and is derived from the financial records and supporting documents that were available to the Group before the nationalisation date of 31 March 2023. The evidence available to us in respect of these assets was limited due to the Directors being unable to obtain reliable financial information as a result of being unable to access all of the underlying financial information, nor did the Directors have access to the relevant Chad-based employees of the affected entities subsequent to 31 March 2023. This had a consequential impact on our ability to obtain sufficient appropriate audit evidence. We have therefore been unable to obtain sufficient appropriate audit evidence as to the profit/(loss) after tax of discontinued operations of US$89,040,000 (2022: US$5,659,000), the disclosures included in Note 34 to the financial statements in respect of discontinued operations and the impact on the related opening balances as a result of our disclaimer of opinion on the Group financial statements as at and for the year ended 31 December 2022.

   We were unable to satisfy ourselves by alternative means concerning the matters outlined above in respect of discontinued operations by using other audit procedures. Therefore we were unable to determine whether any adjustments to these amounts were necessary or whether there was any consequential adjustment to related balances.

   We did not express an opinion on the Group and the Company's financial statements as at and for the year ended 31 December 2022. The above matters were the reason as to why the Group's interest in the entities noted above resulted in us issuing a disclaimer of opinion on the Group and the Company financial statements as at and for the year ended 31 December 2022. Consequently, we are unable to determine whether any adjustment to the consolidated balances as at 31 December 2022 was necessary or whether there are any consequential effect on the opening balances of the Group for the year ended 31 December 2023.

   In addition, were any adjustments to the profit after tax from discontinued operations be required, the Strategic report and the Directors' report would also need to be amended.

b) Due to disputes amongst shareholders, governance and operational rights of the Group's investment in Cameroon Oil Transportation Company ("COTCo"), detailed in Note 2 to the financial statements, the Directors have been unable to obtain reliable financial information as a result of being unable to obtain full access to the underlying financial information nor to the relevant COTCo employees to account for the investment. As disclosed in Note 18 to the financial statements, the Group has reclassified this investment from Investments in associate to a Financial investment under IFRS 9: Financial Instruments. We have therefore been unable to obtain sufficient appropriate audit evidence on the Group's share of profit of COTCo (US$4,400,000), a loss on derecognition of a partial interest (US$820,000), and the subsequent remeasurement of the investment as a financial investment (US$142,105,000). We were unable to satisfy ourselves by alternative means concerning this matter by using other audit procedures. Consequently, we were unable to determine whether any adjustments to fair value through profit and loss and other adjustments (US$2,646,000) or related balances would be necessary.

   In addition, were any adjustments to these figures be required, the Strategic report and Directors' report would also require amendment.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We remain independent of the Group and the 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.

Independent auditor's report continued

to the members of Savannah Energy PLC

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Please refer to the Key audit matters section below for the detailed explanation of our evaluation of the Directors' assessment of the Group's and Company's ability to continue as a going concern and the procedures we undertook.

Based on the work we have performed, as set out in the Key audit matters section below, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	82% of Group profit before tax from continuing operations	
	100% of Group revenue	
	98% of Group total assets	
	We did not express an opinion on the financial statements of the Group and Company for the year ended 31 December 2022 and accordingly coverage was not included in our report on the financial statements for the year ended 31 December 2022.	
Key audit matters		2023
	Carrying value of oil and gas assets of the Nigerian significant components	✓
	Expected Credit Losses (ECL) on trade receivables of the Nigerian significant components	✓
	Going concern	✓
	We did not express an opinion on the financial statements of the Group and Company for the year ended 31 December 2022 and accordingly, Key Audit Matters were not included in our report on the financial statements for the year ended 31 December 2022.	
Materiality	**Group financial statements as a whole**	
	$6,500,000 based on 5% of loss before tax adjusted for finance costs, expected credit losses and foreign exchange movements.	
	We did not express an opinion on the financial statements of the Group and Company for the year ended 31 December 2022 and accordingly, materiality was not included in our report on the financial statements for the year ended 31 December 2022.	

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group's key producing assets are based in Nigeria, with exploration assets in Niger and as referenced above, assets in Chad which have been nationalised during the year. The Group also has a financial investment in COTCo, Cameroon. Our Group audit scope focused on the Group's Nigerian producing and Nigerien exploration assets to gain sufficient coverage over the Group's total assets, total revenue and loss before tax while considering the audit risks identified. As noted above, in the basis for qualified opinion section, it has not been possible to audit the transactions related to the Group's operations in Chad and COTCo.

As a result, we determined six significant components including the Company, which were subjected to a full scope audit, three of which hold the producing assets namely: (1) Accugas Limited, (2) Savannah Energy Uquo Gas Limited and (3) Universal Energy Resources Limited. The other two components, namely Savannah Energy Niger SA and Savannah Midstream Investments Limited, were considered significant due to specific risks associated with these components. Refer to the basis of qualified opinion section above in respect of the trade and operations of Savannah Midstream Investments Limited. Non-significant components that require statutory audits in the United Kingdom were also subject to a full scope audit by the Group audit team which contributed to the above-mentioned audit coverage.

The financial information of the remaining non-significant components, where there is no statutory audit requirement, were principally subject to analytical review procedures by the Group audit team, with specified audit procedures performed on certain elements of their general ledgers where there were material balances identified such as in respect of operating costs, finance expenses, cash and interest-bearing loans.

In establishing our overall approach to the Group audit, the BDO network firm in Nigeria undertook the audit work on the Nigerian significant components namely, Accugas Limited, Savannah Energy Uquo Gas Limited and Universal Energy Resources Limited. Audit work on Savannah Energy Niger SA, the Company, and to the extent possible on Savannah Midstream Investments Limited was performed by the Group audit team. All significant risks were audited by the Group audit team or the component auditor.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Detailed Group reporting instructions were sent to the component auditor, which included details of the principal areas to be covered by the audits, testing requirements, and set out the information to be reported to the Group audit team. Further briefings and detailed review of all planning documentation was undertaken remotely via tele-conferencing and onsite in Nigeria.
- The Group audit team were actively involved in the significant component audits performed by the component auditor for Group reporting purposes. This involvement included discussion, detailed review and feedback on key audit documents supporting the component auditor's conclusions on significant risk areas.
- The Group audit team travelled to the location of the component auditor to perform the review of their planning and execution and completion phases. The Group audit team engaged with Component auditors throughout the duration of the planning, execution fieldwork and completion phases and reviewed the audit evidence obtained by the Component Auditors to arrive at the conclusions drawn on audit risks. The Nigerian component auditors have made site visits to the Group's principal operational locations in Nigeria.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for qualified opinion section of our report above, we have determined the matters below to also be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of oil and gas assets of the Nigerian significant components Refer to Note 3, Material Accounting Policies; and Note 16, Property, plant and equipment.	The oil and gas development and producing assets form a significant part of the Group's statement of financial position. Management is required to consider if there are any facts or circumstances (potential impairment indicators) that would suggest that the oil and gas producing and development assets could be impaired in accordance with IAS 36: Impairment of Assets. Where indicators of impairment are identified, impairment testing is required to ensure that the Group's assets are carried at no more than their recoverable amount. Following their assessment, Management have not identified any impairment indicators for the Group's oil and gas development and producing assets. They have further concluded that the oil and gas development and producing assets form a single cash generating unit (CGU) in Nigeria. Given the materiality of the assets in the context of the Group's statement of financial position, the estimates and judgements involved in identifying indicators of impairment, we considered this to be a key audit matter.	Our specific audit procedures in this regard included: • Reviewing and assessing Management's determination of a single CGU and allocation of assets to the CGU for the purpose of the impairment assessment, and Management's assessment of impairment indicators against the requirements of the applicable accounting standards; • Assessing actual performance against budgets/plans in the financial year for the Uquo and Stubb Creek fields as well as the Accugas processing facility which form the Nigerian CGU, in order to identify further potential indicators of impairment; • Examining Management's key impairment model assumptions, challenging the appropriateness of estimates with reference to historical data and external evidence where available in order to ensure no further impairment triggers; • Checking the consistency of the reserves, resources and related future cash flows in the economic model prepared by management as part of their impairment trigger assessment, to the economic forecasts as per the latest Competent Person's Report; • Assessing the experts used by Management in preparing the Competent Person's Report (CPR) on the reserves, particularly focused on the independence, competency and objectivity of the expert and the scope of their work to check if the CPR was prepared under the required guidelines and if it is appropriate for its intended purpose; • Assessing the reasonableness of estimates underlying the economic forecasts for the Nigerian CGU, as contained in the CPR, through comparison of the forecast metrics against current year's actual performance. We also performed retrospective analysis of the prior year's forecast against the current year's actual performance to assess reasonableness of prior year's estimates. The key metrics assessed included pricing, production volumes, royalties, operating expenses and capital expenditures. **Key observations:** Based on procedures performed we found the judgements and estimates applied by Management in assessing for potential triggers for impairment reasonable.

Financial statements

Independent auditor's report continued

to the members of Savannah Energy PLC

Key audit matter		How the scope of our audit addressed the key audit matter
Expected Credit Losses (ECL) on trade receivables of the Nigerian significant components Refer to Note 3, Material Accounting Policies; Note 4 Critical accounting judgements and estimation uncertainty and Note 23, Trade and other receivables.	The assessment of trade receivables for expected credit losses under IFRS 9: Financial Instruments requires the application of judgements and estimates and hence is considered to be a significant audit risk. The Group separates receivables into two different categories depending on similar portfolio characteristics. As such, the assessment of the lifetime ECLs for trade receivables have been assessed utilising both the simplified approach and the general approach as permitted under IFRS 9. Management applies judgement in determining the ECL on each portfolio of its trade receivables. This was considered an audit risk due to the estimates and judgement involved in determining the ECLs. The significant estimates with regards to the assessment of the ECLs in accordance with the requirements of IFRS 9 guidance pertains to the customer creditworthiness, and the expected date of recovery, analysis of past sales invoices and cash collections to determine loss rates and therefore these areas are also considered an audit risk. Management use an expert to assess the application of the IFRS 9 guidance on the Group's trade receivable balances. Given the above considerations including the complexity of the model applied by Management, we considered this to be a Key audit matter.	Our specific audit procedures in this regard included: • Reviewing, evaluating and documenting the Group's' policies for ECLs, and analysing whether such policies have been applied consistently and are in accordance with the provisions of IFRS 9. **Simplified approach** • Our audit procedures included the following: • Examining if the accounts receivable balances were settled post year end through confirmation of post period end bank receipts to bank statements. • Enquiring of Management the reasons for amounts not settled post year end and assessing the basis for the carrying value of any such items given the terms of trade; • Obtaining, on a sample basis, a confirmation from counterparties for outstanding balances as of 31 December 2023 in order to perform an independent reconciliation of the balance. • We reviewed and assessed Management's judgement and estimation of the ECL on receivables from the Ibom power plant based on the evidence of historical collection and individual business factors affecting creditworthiness. • We also assessed the competence and objectivity of Management's expert. **General approach – Accugas's principal customer** Our audit procedures included the following: • Reviewing the key assumptions by assessing third party information in order to consider the appropriateness of the inputs used by the Group; • Reviewing the methodology related to the determination of ECLs within Management's IFRS 9 general approach model to assess the receivables relating to Accugas's principal customer. Such assumptions included the estimated recoverability period; the customer's credit risk affecting the probability of future collection over the expected term of recovery, probability of recovery in an event of default and adjustments for local macroeconomic factors, which were applied by Management's expert in the preparation of the model; • Assessing the mathematical accuracy of the model; • Examining the accounts receivable balances that were settled in the period or post year end by agreeing receipts back to bank statements. • Gaining an understanding by discussing with Management on the balances owed by Accugas's principal customer, and the process and steps being taken to receive settlement; • Assessing the information obtained from the procedures above against the work performed on the ECL assessment by Management's expert for any contradictory evidence; and • Assessing the competence and objectivity of Management's expert. **Key observations:** As a result of the procedures performed we concluded that the methodology, judgements and assumptions applied by Management in estimating the expected credit loss provision on trade receivables are reasonable.

Key audit matters continued

Key audit matter		How the scope of our audit addressed the key audit matter
Going concern Refer to note 2.	The Group and Company are required to consider the availability of funds to support working capital needs of the business, meet its committed expenditure and maintain its loans and borrowings in good standing for a period of no less than twelve months from the date of approval of the financial statements. The Board have approved forecasts prepared by Management which demonstrate that the Group and Company are considered to be a going concern for the requisite period. The assessment of going concern includes significant judgements and assumptions made by the Directors, this area is considered to be a key audit matter.	Our specific audit procedures in this regard included: • obtaining the cash flow forecasts approved by the Directors and agreeing the opening cash position in the cash forecast to supporting documentation in order to establish the validity of the opening position within the forecast; • assessing the Directors' process for forecasting and for preparing the going concern model in order to obtain an understanding of the level of review and oversight of the going concern assessment; • retrospective analysis of estimates in the prior year's going concern model and undertaking a comparison to the current year's results to assess the reasonableness of prior year's estimates and management's ability to accurately forecast; • assessing the financial forecasts for consistency and reasonableness by comparing the key underlying assumptions, including oil and gas pricing and production volumes, royalties, operating costs and capital expenditures in the financial forecast to the forecasts for the related cash flows as per the Competent Person's Report on the oil and gas reserves as well as current year's actual performance outcomes; • agreeing the debt service costs and repayments schedule to third party loan agreements to verify completeness and timing of the related cash outflows in the model; • evaluating the cash flow model in order to check whether the model considered reasonably plausible scenarios. These scenarios included sensitising key assumptions underpinning the forecasts, including oil pricing, timing of customer receipts, production rates and foreign exchange assumptions, including the assessment of the resulting level of cash at the end of going concern assessment period under such scenarios; • understanding post balance sheet date refinancing arrangements and considering their impact on the existing financing facilities available to the Group and reviewing for any financial covenants within the arrangements for compliance in the going concern period; and • evaluating the adequacy, completeness and consistency of disclosures in the financial statements with the Directors going concern assessment. During the course of our work, we considered whether there were any other reasonably likely scenarios which may occur by examining the latest correspondence, Management's memoranda and Board minutes related to the Group's financing facilities to determine if there was any available information contradictory to the assumptions made in the going concern model. **Key observations:** Our conclusions are set out in the "Conclusions related to going concern" section of our report above

Independent auditor's report continued

to the members of Savannah Energy PLC

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements 2023 US$'000	Company financial statements 2023 US$'000
Materiality	6,500	600
Basis for determining materiality	5% of loss before tax adjusted for finance costs, expected credit losses and foreign exchange movements.	5% of loss before tax adjusted for finance costs
Rationale for the benchmark applied	The Group is profit oriented and via its core asset base in Nigeria. The adjustment to remove the items noted above is considered to be more reflective of the performance of the underlying core oil and gas operations.	The same rationale was applied as for the Group bench-mark as the Company is profit orientated on a standalone basis.
Performance materiality	4,500	420
Basis for determining performance materiality	70% of materiality for the financial statements as a whole.	70% of materiality for financial statements as a whole.
Rationale for the percentage applied for performance materiality	Given the nature of activity in the business in the year a lower level of performance materiality was considered appropriate.	Given the volume of activity in the business in the year a lower level of performance materiality was considered appropriate.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Company whose materiality is set out above, based on a percentage of between 8% and 58% (of planning Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $320,000 to $2,300,000. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $130,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 2023 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning some balances. We have concluded that where the other information refer to those balances, it may be materially misstated.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<table>
<tr><td>Strategic report and Directors' report</td><td>Except for the possible effects of the matters described in the Basis for qualified opinion section of our report, 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.
Except for the possible effects of the matters described in the Basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and 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.</td></tr>
<tr><td>Matters on which we are required to report by exception</td><td>Arising solely from the limitation on the scope of our work as described in the Basis for qualified opinion section of our report above:
• we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
• we were unable to determine whether adequate accounting records have been kept.
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:
• returns adequate for our audit have not been received from branches not visited by us; or
• the Company's financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of Directors' remuneration specified by law are not made.</td></tr>
</table>

Independent auditor's report continued

to the members of Savannah Energy PLC

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (UK adopted international accounting standards, the Companies Act 2006, the AIM rules and the QCA Corporate Governance Code), local taxation legislation in the countries where the Group operates, and the terms and requirements included in the Group's operating and exploration licences.

Our audit procedures included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with the relevant laws and regulations noted above.
- Enquiries of Management, the Audit Committee and Internal Legal Counsel of any known or suspected instances of non-compliance with laws and regulations;
- Reading minutes of meetings of those charged with governance, and reviewing correspondence with local tax and regulatory authorities to identify potential litigation and claims and non-compliance with laws and regulations;
- Performing a review of local and international tax compliance with the involvement of our tax specialists;
- Reviewing of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiring of Management and the Audit Committee of known or suspected instances of fraud, potential litigation and claims. We read minutes of meetings of those charged with governance, and reviewed correspondence with local tax and regulatory authorities;
- Holding discussions with the audit engagement team as to how and where fraud might occur in the financial statements and where any potential indicators of fraud may arise in the Group in order to consider how our audit strategy should reflect our considerations;
- Testing the appropriateness of journal entries made throughout the year, to supporting documentation, by applying specific criteria to detect possible irregularities or fraud;
- Assessing and challenging key areas of judgement and estimation made by Management and the Directors, including their assessment of the going concern position of the Company and Group, and their assessment of indicators of impairment to the Group's oil and gas assets (refer to the Key Audit Matters set out above);
- Performing substantive testing on revenue to ensure that cut-off was appropriately applied. This work was performed by our network firm in Nigeria.
- Undertaking unpredictability testing through substantive work on a number of selected general ledger balances
- Obtaining an understanding of, and evaluating the design and implementation of, relevant controls surrounding the financial reporting close process such as controls over the posting of journals and the consolidation process and obtaining an understanding of the segregation of duties in these processes;

With regards to compliance with laws and regulations at the component level, we instructed the component auditor to report to us on any instances of non-compliance with local laws and regulations that could result in a risk of material misstatement in the Group financial statements. We reviewed the component auditor's working papers over laws and regulations compliance.

We also communicated relevant identified laws and regulations and identified fraud risks to all engagement team members (including component engagement teams) and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matters described in the basis for qualified opinion section of our report.

A further description of our responsibilities is available 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.

DocuSigned by:
Anne Sayers
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Anne Sayers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
6 June 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Continuing operations			
Revenue	6a	**224,175**	212,498
Cost of sales	7	**(77,818)**	(73,156)
Gross profit		**146,357**	139,342
Other operating income	6b	**28,877**	7,767
Administrative and other operating expenses		**(42,129)**	(39,527)
Gain on disposal	8	**—**	7,372
Transaction and other related expenses	8	**(13,248)**	(14,487)
Expected credit loss and other related adjustments	23	**16,703**	(39,495)
Operating profit	8	**136,560**	60,972
Share of profit from associates	18a	**4,400**	160
Finance income	10	**3,216**	1,068
Finance costs	11	**(102,655)**	(78,870)
Fair value through the profit or loss and other adjustments	12	**(5,706)**	(8,134)
Foreign exchange loss	13	**(104,713)**	(28,925)
Loss before tax		**(68,898)**	(53,729)
Current tax expense	14	**(5,822)**	(9,487)
Deferred tax credit	14	**(1,311)**	4,801
Total tax expense	14	**(7,133)**	(4,686)
Loss after tax		**(76,031)**	(58,415)
Discontinued operations			
Profit/(loss) after tax from discontinued operations	34	**89,040**	(5,659)
Total profit/(loss)		**13,009**	(64,074)
Other comprehensive income			
Items not reclassified to profit or loss:			
Actuarial (loss)/gain relating to post-employment benefits	32	**(128)**	100
Tax relating to items not reclassified to profit or loss	14	**48**	(33)
Other comprehensive (loss)/profit		**(80)**	67
Total comprehensive income from continuing and discontinued operations		**12,929**	(64,007)
Total profit/(loss) after tax attributable to:			
Owners of the Company		**14,855**	(61,334)
Non-controlling interests	27	**(1,846)**	(2,740)
		13,009	(64,074)
Total comprehensive income attributable to:			
Owners of the Company		**14,786**	(61,281)
Non-controlling interests	27	**(1,857)**	(2,726)
		12,929	(64,007)
Loss per share from continuing operations			
Basic (US$)	15	**(0.06)**	(0.04)
Diluted (US$)	15	**(0.06)**	(0.04)
Earnings/(loss) per share from continuing and discontinued operations			
Basic (US$)	15	**0.01**	(0.05)
Diluted (US$)	15	**0.01**	(0.05)

In accordance with IFRS 5, the comparatives and related notes have been restated where relevant. Refer to Note 34 for more details.

The notes on pages 147 to 200 form part of these financial statements.

Consolidated statement of financial position

as at 31 December 2023

	Note	2023 US$'000	2022 US$'000
Assets			
Non-current assets			
Property, plant and equipment	16	**476,144**	623,118
Intangible assets	17	**174,707**	183,013
Investment in associates	18a	**—**	188,350
Financial investment	18b	**139,459**	—
Deferred tax assets	14	**227,318**	234,666
Right-of-use assets	19	**2,648**	3,658
Restricted cash		**29**	28
Other non-current receivables	20	**9,879**	7,032
Total non-current assets		**1,030,184**	1,239,865
Current assets			
Inventory	22	**7,143**	40,374
Trade and other receivables	23	**370,857**	239,346
Cash at bank	24	**106,941**	240,888
Total current assets		**484,941**	520,608
Total assets		**1,515,125**	1,760,473
Equity and liabilities			
Capital and reserves			
Share capital	25	**1,836**	1,828
Share premium	25	**126,824**	124,819
Treasury shares	25	**(136)**	(136)
Other reserves	25	**531**	531
Share-based payment reserve	25	**14,717**	9,974
Retained earnings		**110,726**	95,940
Equity attributable to owners of the Company		**254,498**	232,956
Non-controlling interests	27	**9,259**	11,116
Total equity		**263,757**	244,072
Non-current liabilities			
Other payables	28	**2,030**	7,712
Borrowings	29	**213,469**	102,392
Lease liabilities	19	**1,998**	3,453
Deferred tax liabilities	14	**—**	27,605
Provisions	30	**49,256**	94,845
Contract liabilities	31	**346,490**	314,018
Total non-current liabilities		**613,243**	550,025
Current liabilities			
Trade and other payables	28	**108,000**	279,448
Borrowings	29	**367,199**	543,397
Interest payable	38	**136,090**	105,600
Tax liabilities	14	**6,384**	18,513
Lease liabilities	19	**2,798**	1,626
Contract liabilities	31	**17,654**	17,792
Total current liabilities		**638,125**	966,376
Total liabilities		**1,251,368**	1,516,401
Total equity and liabilities		**1,515,125**	1,760,473

The notes on pages 147 to 200 form part of these financial statements.

The financial statements of Savannah Energy PLC (Company number: 09115262) were approved by the Board of Directors and authorised for issue on 6 June 2024 and are signed on its behalf by:

Nick Beattie
Director

Financial statements

Company statement of financial position

as at 31 December 2023

	Note	2023 US$'000	2022 US$'000
Assets			
Non-current assets			
Property, plant and equipment		**455**	483
Intangible assets		**621**	743
Investment in subsidiaries	21	**18,697**	13,409
Intercompany receivable	36	**395,066**	379,860
Right-of-use assets	19	**1,633**	2,037
Other non-current receivables	20	**167**	525
Total non-current assets		**416,639**	397,057
Current assets			
Trade and other receivables	23	**11,399**	27,553
Cash at bank	24	**2,513**	5,610
Total current assets		**13,912**	33,163
Total assets		**430,551**	430,220
Equity and liabilities			
Capital and reserves			
Share capital	25	**1,836**	1,828
Share premium	25	**126,824**	124,819
Other reserves	25	**458**	458
Share-based payment reserve	25	**14,717**	9,974
Retained earnings		**93,286**	138,524
Total equity		**237,121**	275,603
Non-current liabilities			
Intercompany loan	36	**26,918**	17,330
Lease liabilities	19	**1,998**	2,618
Other payables	28	**2,643**	3,419
Total non-current liabilities		**31,559**	23,367
Current liabilities			
Trade and other payables	28	**35,686**	36,782
Borrowings	29	**2,926**	—
Interest payable	38	**218**	—
Intercompany payable	36	**121,945**	93,597
Lease liabilities	19	**1,096**	871
Total current liabilities		**161,871**	131,250
Total liabilities		**193,430**	154,617
Total equity and liabilities		**430,551**	430,220

The comparative amounts have been restated. For more details refer to note 39.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Company statement of comprehensive income. The total comprehensive income of the legal parent company for the year ended 31 December 2023 was US$45.2 million loss (2022: Restated US$38.4 million loss).

The notes on pages 147 to 200 form part of these financial statements.

The financial statements of Savannah Energy PLC (Company number: 09115262) were approved by the Board of Directors and authorised for issue on 6 June 2024 and are signed on its behalf by:

Nick Beattie
Director

Consolidated statement of cash flows

for the year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from operating activities:			
Net cash generated from operating activities	38	**33,223**	75,693
Cash flows from investing activities:			
Interest received		**1,716**	881
Payments for property, plant and equipment		**(10,267)**	(18,191)
Exploration and evaluation payments		**(2,683)**	(5,375)
Loans and advances - receipts		**2,195**	—
Acquisition deposits		**—**	(19,648)
Proceeds from disposal		**44,900**	—
Loans and advances - payments		**(5,012)**	(1,067)
Lessor receipts		**538**	286
Cash from/(to) debt service accounts		**77,934**	(29,836)
Cash acquired on acquisition of a subsidiary		**—**	95,596
Net cash from investing activities		**109,321**	22,646
Cash flows from financing activities:			
Finance costs		**(36,509)**	(38,528)
Proceeds from issues of equity shares, net of issue costs		**2,011**	61,141
Sale of treasury shares		**—**	73
Borrowing proceeds		**2,850**	12,810
Borrowing repayments		**(84,213)**	(57,008)
Lease payments		**(939)**	(1,474)
Net cash used in financing activities		**(116,800)**	(22,986)
Net increase in cash and cash equivalents		**25,744**	75,353
Effect of exchange rate changes on cash and cash equivalents		**(81,757)**	(16,945)
Cash and cash equivalents at beginning of year		**104,147**	45,739
Cash and cash equivalents at end of year	24	**48,134**	104,147
Amounts held for debt service at end of year	24	**58,807**	136,741
Cash at bank at end of year as per statement of financial position	24	**106,941**	240,888

The notes on pages 147 to 200 form part of these financial statements.

Company statement of cash flows

for the year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from operating activities:			
Net cash used in operating activities	38	**(32,417)**	(30,356)
Cash flows from investing activities:			
Payments for property, plant and equipment		**(54)**	(6,782)
Advances to subsidiary undertakings		**(11,159)**	(5,598)
Loans and advances - receipts		**2,195**	—
Acquisition deposits		**—**	(19,648)
Interest received		**5**	—
Loans and advances - payments		**(5,012)**	(1,067)
Lessor receipts		**538**	286
Net cash provided for investing activities		**(13,487)**	(32,809)
Cash flows from financing activities:			
Finance costs		**(167)**	(4,922)
Proceeds from issues of equity shares, net of issue costs		**2,011**	61,141
Advances from subsidiary undertakings		**39,637**	33,907
Sale of treasury shares		**—**	73
Borrowing proceeds		**2,850**	—
Borrowing repayments		**(29)**	(21,022)
Lease payments		**(939)**	(667)
Net cash provided from financing activities		**43,363**	68,510
Net (decrease)/increase in cash and cash equivalents		**(2,541)**	5,345
Effect of exchange rate changes on cash and cash equivalents		**(556)**	(1,241)
Cash and cash equivalents at beginning of year		**5,610**	1,506
Cash and cash equivalents at end of year	24	**2,513**	5,610

The comparative amounts have been restated. For more details refer to note 39.

The notes on pages 147 to 200 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Share capital US$'000	Share premium US$'000	Shares to be issued US$'000	Treasury shares US$'000	Other reserves US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Equity attributable to the owners of the Company US$'000	Non – controlling interest US$'000	Total equity US$'000
Balance at 1 January 2022	1,409	61,204	63,956	(58)	458	8,706	157,221	292,896	13,842	306,738
Loss after tax	—	—	—	—	—	—	(61,334)	(61,334)	(2,740)	(64,074)
Other comprehensive income	—	—	—	—	—	—	53	53	14	67
Total comprehensive income	—	—	—	—	—	—	(61,281)	(61,281)	(2,726)	(64,007)
Transactions with shareholders:										
Shares issued (Note 25)	419	63,615	(63,956)	(78)	—	—	—	—	—	—
Sale of treasury of shares (Note 25)	—	—	—	—	73	—	—	73	—	73
Equity-settled share-based payments (Note 26)	—	—	—	—	—	1,268	—	1,268	—	1,268
Balance at 31 December 2022	1,828	124,819	—	(136)	531	9,974	95,940	232,956	11,116	244,072
Profit/(loss) after tax	—	—	—	—	—	—	14,855	14,855	(1,846)	13,009
Other comprehensive loss	—	—	—	—	—	—	(69)	(69)	(11)	(80)
Total comprehensive income	—	—	—	—	—	—	14,786	14,786	(1,857)	12,929
Transactions with shareholders:										
Shares issued (Note 25)	8	2,005	—	—	—	—	—	2,013	—	2,013
Equity-settled share-based payments (Note 26)	—	—	—	—	—	4,743	—	4,743	—	4,743
Balance at 31 December 2023	**1,836**	**126,824**	**—**	**(136)**	**531**	**14,717**	**110,726**	**254,498**	**9,259**	**263,757**

The notes on pages 147 to 200 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 December 2023

	Share capital US$'000	Share premium US$'000	Shares to be issued US$'000	Other reserves US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 January 2022	1,409	61,204	63,956	458	8,706	176,973	312,706
Loss after tax	—	—	—	—	—	(38,449)	(38,449)
Total comprehensive income	—	—	—	—	—	(38,449)	(38,449)
Transactions with shareholders:							
Shares issued (Note 25)	419	63,615	(63,956)	—	—	—	78
Equity-settled share-based payments (Note 26)	—	—	—	—	1,268	—	1,268
Balance at 31 December 2022	1,828	124,819	—	458	9,974	138,524	275,603
Loss after tax	—	—	—	—	—	(45,238)	(45,238)
Total comprehensive income	—	—	—	—	—	(45,238)	(45,238)
Transactions with shareholders:							
Shares issued (Note 25)	8	2,005	—	—	—	—	2,013
Equity-settled share-based payments (Note 26)	—	—	—	—	4,743	—	4,743
Balance at 31 December 2023	**1,836**	**126,824**	**—**	**458**	**14,717**	**93,286**	**237,121**

The comparative amounts have been restated. For more details refer to note 39.

The notes on pages 147 to 200 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2023

1. Corporate information

The consolidated financial statements of Savannah Energy PLC (Savannah or the Company) and its subsidiaries (together, the Group) for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 6 June 2024. Savannah was incorporated in the United Kingdom on 3 July 2014. Savannah's principal activity is the exploration, development and production of natural gas and crude oil and development of other energy-related projects in Africa.

The Company is domiciled in England for tax purposes and is a public company, and its shares were admitted to the Alternative Investment Market (AIM) of the London Stock Exchange on 1 August 2014.The Company's registered address is 40 Bank Street, London E14 5NR.

The functional currency of the Company's subsidiaries is US Dollars (US$), and the consolidated financial statements are presented in US Dollars and all values are rounded to the nearest thousand (US$'000), except when otherwise stated.

2. Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with UK-adopted IAS. These Financial Statements have been prepared under the historical cost convention except for financial instruments measured at fair value through profit or loss, employee benefits and derivative financial instruments which have been measured at fair value.

The consolidated financial statements of the Group incorporate the results for the year ended 31 December 2023. Details of the restatement of the Company's prior year's comparatives are set out in note 39.

Following the Company's acquisition of Savannah Chad Inc. (SCI) and Savannah Midstream Investment Limited (SMIL) from ExxonMobil (in December 2022), on 23 March 2023 and the subsequent promulgation in law on 31 March 2023, the Republic of Chad nationalised the interests of any kind of SCI located in Chad or arising from the conventions between SCI and the Republic of Chad in respect of the exploration, exploitation and transportation of hydrocarbons in Chad (the Conventions) and the interests of any kind of SMIL, including the shares and rights held by SMIL in any branch office in Chad and any company having its principal place of business in Chad. The steps taken by the Republic of Chad (the Nationalisation) have resulted in the nationalisation of SCI's upstream production assets in Chad and SMIL's c.40% interest in Tchad Oil Transportation Company (TOTCo), the owner and operator of the Chad portion of the Chad-Cameroon midstream pipelines (together the Chad Assets). The actions of the Republic of Chad are in breach of the Republic of Chad's undertaking under the Conventions it has entered into. Disputes under the Conventions are subject to the jurisdiction of an ICC arbitral tribunal, seated in Paris. SCI and SMIL have commenced arbitral proceedings against the Republic of Chad to seek full compensation for the losses they have suffered because of the Nationalisation.

As a result of the Nationalisation, the Company has not been able to fully access underlying financial information, nor have access to the relevant Chad-based employees of the affected entities to prepare financial information for audit purposes to be consolidated into the Group's financial statements for the years ended 31 December 2023 and 2022. The Group's auditor has therefore been unable to conduct a complete audit on these entities for the years ended 31 December 2023 and 2022.

As a result of the Nationalisation, the activities of the Chad Assets have been considered as a discontinued operation, in accordance with IFRS 5: Non-current Assets for Sale and Discontinued Operations, from 31 March 2023. This is without prejudice to Group's claims for compensation in respect of the Nationalisation. As required by IFRS 5, the prior year comparative consolidated statement of comprehensive income and associated notes have been restated to exclude the activities of the discontinued operations. More detail of the discontinued operations is set out at Note 34 of these financial statements.

Despite the limitation noted above, the financial information that has been disclosed for the Chad Assets in the current and prior year was primarily sourced from bank statements and any financial records and supporting documents that were available before the date of Nationalisation. Given the limited information available, the Directors considered the best way to record and present transactions during the year and agreed that the most reliable basis to record any transactions was on a cash accounting basis supported by bank statements, unless supportable by invoices. During the year there was an oil lifting which resulted in a cash inflow, and this was recorded in line with invoiced amounts within discontinued operations. For cash outflows, these were mainly considered to be settlement of outstanding payables and accounted for on a cash basis.

Included within Discontinued operations is an impairment of the net balance sheet position as at the date of Nationalisation, on the basis that the Republic of Chad nationalised all the interests and rights pertaining to the Chad Assets. Also, included within the Chad Assets is the Group's interest in TOTCo which was held as an equity accounted for investment. This investment has also been fully impaired. Note 41 sets out the position of any potential contingent liabilities in connection with Chad Assets and the Nationalisation.

As regards the Company's assets in Cameroon, SMIL has a 41.06% direct financial interest in Cameroon Oil Transportation Company (COTCo), the owner and operator of the Cameroon section of the Chad-Cameroon midstream pipeline. On 20 April 2023, the Group announced the sale of 10% of the issued share capital in COTCo. Completion of the transfer of the shares from SMIL to Société Nationale Des Hydrocarbures (SNH) will result in SMIL's shareholding in COTCo reducing from 41.06% to 31.06%. Completion shall occur upon satisfaction of certain conditions precedent related to amendments to the Articles of Association of COTCo.

During the second half of the year, in an attempt to take control of and deprive SMIL of its equity ownership, governance and operational rights in COTCo, the Republic of Chad, SHT Overseas Petroleum (Cameroon) Limited (SHT), COTCo and certain other shareholders of COTCo have undertaken a number of actions in breach of the Articles of Association of COTCo, the services agreement between COTCo and SMIL (Services Agreement) and Cameroonian law. Disputes under the Articles of Association of COTCo and the Services Agreement are subject to the jurisdiction of ICC arbitral tribunals, seated in Paris.

Notes to the financial statements continued
for the year ended 31 December 2023

2. Basis of preparation continued

SMIL has commenced arbitral and other legal proceedings against COTCo, the Republic of Chad, SHT Overseas Petroleum (Cameroon) Limited and the other shareholders of COTCo to seek full compensation for the loss that it has and may suffer as a result of actions in breach of SMIL's rights under the Articles of Association of COTCo and the Services Agreement.

As a result of these events, the Company has not been able to fully access all the underlying financial information or have access to the relevant COTCo employees to prepare the financial information for audit purposes to be consolidated into the Group's financial statements for the year ended 31 December 2023. The Group's auditor has therefore been unable to conduct a complete audit on COTCo for the ended 31 December 2023. In addition, the Directors believe that from the time the dispute commenced it was no longer appropriate for the Group to continue to equity account for its investment in COTCo and have recognised its interest in COTCo from Investment in associates to a Financial investment. More detail is set out in Note 18.

Going concern

The Directors have considered the factors relevant to support a statement of going concern; in assessing the going concern assumption the Directors have reviewed the Group's forecasted cash flows as well as the funding requirements of the Group from the date of the approval of these financial statements to 31 October 2025. This forecast was prepared on a "bottom-up" basis, at each major asset and corporate level, and it reflects the Group's best estimate of costs and revenues for the period. The capital expenditure and operating costs used in this forecast are based on the Group's approved corporate budget which includes operating budgets for each of the operating subsidiaries and an estimate of the corporate general and administrative costs for the period.

The base case model assumes that cash collections from the Group's gas customers in Nigeria are received on a regular basis in line with both key long-term supply contracts with committed volumes and short-term supply contracts, which also assumes that only current customers are supplied. Forecast cash inflows generated from liquids production at the Nigerian Stubb Creek and Uquo fields are based on in-house production forecasts in line with the Competent Person Report.

In addition to the base case which assesses the Group's going concern for its existing business, the Group has also separately assessed the impact on the Group's going concern assumption with respect to its proposed acquisitions of the South Sudan Assets and the remaining 49% participating interest in the Stubb Creek Field which are expected to complete in the second half of 2024. More detail on these assessments is set out below.

As part of its analysis in making the going concern assumption, the Directors have considered the range of risks facing the business on an ongoing basis, as set out in the risk section of this Annual Report. In addition, the other principal assumptions made in relation to our base case going concern assessment relate to the regular payments of gas invoices by customers, the forecast commodity price environment and continued access to FX markets (specifically in relation to financing of US Dollar denominated costs and the refinancing of the Accugas US$ Facility). Notwithstanding the risks across the Group, both the base case forecasts and sensitised scenarios confirm that the Directors believe that the Group and each subsidiary company has sufficient liquidity to continue as a going concern for at least 12-month period from the date of the approval of these financial statements.

Looking at a selection of the principal risks:

Payment of gas invoices from a concentrated customer base

Historically, the Group had a relatively concentrated customer base and therefore created an inherent reliance risk on a small number of customers. As previously outlined, the Group has focused on diversifying the customer base to reduce this concentration. For the year ended 31 December 2020, four customers accounted for 93% of delivered revenues, while for the year ended 31 December 2023 these same customers accounted for less than 80% of delivered revenues, providing greater diversification to the Group's customer base.

Following completion of the proposed acquisitions, it is expected that the Group will benefit from additional customer diversification with significantly increased oil revenues leading to a broader revenue base and product mix.

The risk associated with Nigerian-based gas customers is mitigated through the external credit support covering the offtake contracts at Accugas where we have a Partial Risk Guarantee in place via the World Bank to provide credit support for Accugas's principal customer for up to US$111.8 million of invoices and for other customers, letters of credit are normally required.

Commodity price/foreign exchange environment

The Group operates in the energy sector and is therefore exposed to fluctuations in commodity prices. Between 2022 and 2023, there was continued volatility in Brent oil prices which traded from an average of US$101.0/bbl in 2022, to an average of US$82.0/bbl in 2023. The Group's gas sales contracts are fixed price without any correlation to crude, with long-term supply contracts subject to inflation price adjustments. In their forecast, Management has adopted an oil price of US$80.0/bbl for the remainder of 2024 and an average of US$65.0/bbl for 2025.

Commodities remain volatile and can fluctuate based on a wide range of factors. Following the proposed acquisitions, the Group is expecting to enter into a rolling hedging programme to provide protection against oil price fluctuations.

The Naira (NGN) has devalued significantly twice since the start of 2023, and has had a positive impact on the Group's cash flows. The Group continues to invoice its customers in US Dollars and, while they have the option to pay in either US Dollars or NGN, NGN payments are at prevailing market rates ensuring US Dollar equivalent receipts remain consistent. NGN denominated costs are more favourable on a US Dollar equivalent basis providing cash flow benefits to the Group throughout the going concern period.

Debt financing

The Group has now executed a four-year, Naira denominated loan facility with a consortium of Nigerian lenders (the Transitional Facility), which will be utilised to refinance the Accugas US$ Facility. The Transitional Facility is intended to then be progressively paid down through a combination of long-dated domestic bond issuances and other bilateral facilities (as was detailed in the Group's Admission Document, published December 2021).

2. Basis of preparation continued

Going concern continued

Debt financing continued

In May 2024, the first drawdown requests totalling NGN60.0 billion were issued under the Transitional Facility. Year to date, approximately US$79.3 million of debt service has been paid under the Accugas US$ Facility.

Completion of the repayment of the Accugas US$ Facility and utilisation of the Transitional Facility continues to require access to appropriately priced US Dollars. Certain provisions within the Transitional Facility allow for the facility to be increased in size if required to repay the Accugas US$ Facility in the event of adverse movements in foreign exchange rates. The Transitional Facility requires Accugas to use reasonable endeavours to convert NGN to repay the US$ Facility and it is currently anticipated that this will be completed within the going concern review period. In the event that the Transitional Facility is not sufficient to fully repay the Accugas US$ Facility, an amount would remain outstanding which is required to be repaid by the final maturity date of the Accugas US$ Facility (31 December 2025). The base case model shows that sufficient cash flows are available to service any remaining balance under the Accugas US$ Facility. In addition to the base case, a number of sensitivities have been performed with respect to the FX refinancing rate assumption. Specifically, with a further devaluation of up to approximately 50% of base case NGN: USD FX rate, the cash flows are still forecast to be sufficient to repay the Accugas US$ facility by its maturity date.

Accugas did not have a long-dated extension for delaying conversion of the Naira to US Dollars at the reporting date beyond 2024, the balance of the Accugas US$ Facility has been reflected as a current borrowing. Following the refinancing of the Accugas US$ Facility, the principal amounts will be disclosed between current and non-current borrowings at future reporting dates based on revised repayment dates.

In Nigeria, the Group continues to access US Dollars as required to pay its non-Naira denominated expenditures including capital expenditures on the Accugas compression project. The Directors remain highly confident this will continue and that the Group will be able to access US Dollars and other currencies as required to maintain its operational funding needs.

Proposed acquisitions

The cash flow assumptions are based on the analysis of historic performance of the assets being acquired, reviewing the operators' and vendors' forecasts, future capital expenditures, and advice and review from external consultants.

The increased cash flows of the Group following these acquisitions will provide the Group with a greater diversity of revenue streams and a more balanced source of cash flows.

Sensitivity analysis

The Group has undertaken sensitivity analysis on the respective cash flow forecasts and considered the material risk areas for the business which could impact upon the going concern assumption. These risks included: (i) timely payment of receipts from gas customers; (ii) commodity pricing; and (iii) impact of reduction in oil production for the proposed acquisitions. In this respect a number of sensitivities were prepared, as follows:

(i) Gas customer receipts – extended the collection receipt time;

(ii) Commodity price – reduced the forecast average oil price by 10%;

(iii) Oil production – assumed an approximate 8% (one month) reduction; and

(iv) Sensitivities with respect to the foreign exchange refinancing rate assumption.

Mitigating actions were considered which could be taken by the Group to prevent a shortfall arising under any scenario and these could include:

(i) Deferring or reducing costs – given its high equity ownership levels and operatorship of key assets, the Group has significant levels of control over capital and operating spend and can directly manage costs where necessary with only minimal committed capital spend;

(ii) Enforcing its rights to claim payment under the credit support arrangements in place; and

(iii) Raising of additional debt or equity if required – the leverage on the Nigerian assets is low and given the long-term gas sales contracts and long-life nature of the assets, the Group believes further funding could be accessed if the need arose.

Under sensitivity analysis, the operating cash flows and funding available to the Group remain sufficient at all times during the forecast period to meet obligations as required whilst still maintaining headroom.

The Directors are confident in the Group's forecast and have a reasonable expectation that the Group will continue in operational existence for the going concern assessment period and believe it is appropriate to continue to adopt the going concern basis in preparing these consolidated financial statements.

Notes to the financial statements continued
for the year ended 31 December 2023

2. Basis of preparation continued

Basis of consolidation continued

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 reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. See Note 21 for the companies that have been consolidated within the Group Financial Statements.

Transactions eliminated upon consolidation

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. Material 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 2023:

Standard	Key requirements	Effective date
Amendments to IAS 8: Definition of Accounting Estimates	The IAS 8 amendments distinguish between accounting estimate changes, policy changes, and error corrections with further clarification around the use of measurement techniques for accounting estimates. These changes did not affect the Group's consolidated financial statements.	Periods beginning on or after 1 January 2023
IFRS 17: Insurance Contracts	IFRS 17, the replacement for IFRS 4 Insurance Contracts, is a comprehensive accounting standard for all insurance contract types. It addresses recognition, measurement, presentation, and disclosure, applying to life, non-life, direct insurance, and re-insurance. Certain guarantees and financial instruments are also covered. It features a general model with specific adaptations for direct participation features (variable fee approach) and a simplified approach (premium allocation approach) for short-duration contracts. The new standard did not impact the Group's consolidated financial statements as the Company has now adopted the provisions of IFRS 9 with respect to loan guarantees.	Periods beginning on or after 1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	The revisions to IAS 1 and IFRS Practice Statement 2 on Materiality Judgements offer guidance and examples for entities in applying materiality judgements to accounting policy disclosures. The intent is to enhance the usefulness of accounting policy disclosures by replacing the term "significant" with "material" accounting policies. The amendments also provide guidance on applying the materiality concept to decisions regarding accounting policy disclosures. While these changes affected the Group's accounting policy disclosures, they had no impact on the measurement, recognition, or presentation of items in the financial statements.	Periods beginning on or after 1 January 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The modifications to IAS 12: Income Tax refine the initial recognition exception by restricting its scope, excluding transactions generating equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. These changes have been reflected within the consolidated financial statements for the year ended 31 December 2023.	Periods beginning on or after 1 January 2023

New and amended IFRS standards continued

Amendment to IAS 12: Income Tax Deferred tax exception and disclosure requirements	The IAS 12 amendments respond to OECD's BEPS Pillar Two rules. Key changes include a mandatory temporary exception for recognising and disclosing deferred taxes resulting from the jurisdictional implementation of Pillar Two model rules. Additionally, affected entities must disclose information aiding financial statement users in understanding exposure to Pillar Two income taxes. The temporary exception, requiring disclosure, is effective immediately, while other disclosure requirements apply from 1 January 2023, onwards (excluding interim periods ending on or before 31 December 2023). Despite these changes, the Group's consolidated financial statements remain unaffected as it falls outside the scope of Pillar Two rules, given its annual revenue is below EUR 750 million.	1 January 2023

Standards issued but not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued, but are not effective and have not been adopted early.

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16: Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 7 and IFRS 7: Supplier Finance Arrangements;
- IAS 1: Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current); and
- IAS 1: Presentation of Financial Statements (Amendment – Non-Current Liabilities with Covenants).

The following amendments are effective for the period beginning 1 January 2025:

- IAS 21: Lack of Exchangeability.

The Group is currently assessing the impact of these new accounting standards and amendments. Currently, it does not expect any of these amendments to have a material impact on the Group's financial information.

Foreign currency translation

Functional and presentation currency

Management has concluded that the US Dollar is the functional currency of each entity of the Group due to it being the currency of the primary economic environment in which the subsidiary operates, based on the following facts:

- Oil and gas revenues are priced and invoiced in US Dollars;
- Most of the expenses of the entities of the Group are either denominated or priced based off US Dollars; and
- The majority of funds raised from financing activities (debt or equity instruments) have been generated in or converted to US Dollars.

The Group's presentation currency is US Dollars.

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 consolidated statement of comprehensive income. Realised foreign exchange gains and losses are recognised within foreign exchange losses in the consolidated statement of comprehensive income.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest ("NCI") in the acquiree. For each business combination, the Group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Those acquired petroleum Reserves and Resources that can be reliably measured are recognised separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

Notes to the financial statements continued
for the year ended 31 December 2023

3. Material accounting policies continued

Revenue recognition – Contracts with customers

The Group is principally engaged in the exploration, development and production of crude oil and natural gas, as well as the processing, marketing and distribution of gas. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. When a new contract is signed with a customer, the Group determines whether the contract meets the definition of a contract with a customer under IFRS 15. The Group continues to account for the contract as a contract with a customer until there is a significant change in facts and circumstances that suggest that this may no longer be appropriate. At this point, the Group reassesses the contract and if the criteria is not met, the Group recognises consideration received as revenue when there are no remaining obligations to transfer goods or services to the customer and all of the consideration has been received or the contract has been terminated and the consideration received is non-refundable.

Sale of gas

The Group recognises revenue from the sale of gas over time because the customer simultaneously receives and consumes the benefits provided by the Group. The customer does not need to re-perform the processing or re-deliver the gas the Group has provided to date and therefore this demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance. Revenue from sale of gas delivered is considered to be a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The promised quantity of gas committed to be transferred to the customer in the contract is the minimum quantity of gas to be purchased by the customer. Purchases above and beyond the estimated minimum have been considered optional purchases and accounted for as separate contracts at a price that would reflect the stand-alone selling price of the gas delivered. In determining the transaction price for the sale of gas, the Group considers the existence of significant financing components, consideration payable to the customer (if any) and variable consideration. The variable consideration is estimated by either using the "expected value" or "most likely amount" method to allocate the consideration to the performance obligation. The credit terms are typically between 30 and 90 days upon invoicing, depending on the customer.

Sales of crude oil and condensates

Revenue from sales of crude oil and condensates is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the processed crude at the delivery point, ("lifting"). The normal credit term is 30 days upon lifting.

Significant financing component

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. In addition, a significant financing component assessment is carried out where the Group receives a take-or-pay deficiency payment on gas sales. Take-or-pay gas sales contracts provide that the customer must sometimes pay for gas even when not delivered to the customer. The customer, in future contract years, takes delivery of the product without further payment. A significant financing component is deemed not to exist when the customer pays for the goods or services in advance and the timing of the transfer of those goods or services is at the discretion of the customer.

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 gas" delivery at a later date, revenue recognition is deferred and only recognised when the gas is delivered, or when the "make-up" gas can no longer be taken. The Group assesses if there is a reasonable assurance that it will be entitled to a breakage amount. Where it establishes that a reasonable assurance exists, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. However, where the Group is not reasonably assured (more likely than not) of a breakage amount, it would only recognise the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Consideration payable to a customer

The payment of the costs, claims, demands, liabilities and/or expenses suffered or incurred by the buyer (if any) has been recognised as a reduction of the transaction prices and, therefore, of revenue since the payment to the customer is not in exchange for distinct goods that the customers transfer to the Group.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration a contract asset is recognised for the earned consideration that remains conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under financial instruments.

3. Material accounting policies continued

Contract balances continued

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.

Other operating income

Invoicing of foreign exchange losses

Certain gas sales agreements permit the invoicing of foreign exchange losses incurred on trade receivables that are settled in a currency other than the invoiced currency. These amounts are disclosed as ‘Other operating income’. In prior years these amounts were disclosed within Foreign exchange gains or losses. The comparative year’s income has been represented to conform with the 2023 presentation and to more appropriately reflect the nature of these transactions (Note 6).

Oil and gas assets

Expenditure on the construction, installation or completion of upstream facilities such as early process facilities (EPF), flowlines and the drilling of development wells is capitalised within Oil and gas assets. When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases and costs are either regarded as part of the cost of inventory or expensed in the period in which they are incurred, except for costs which qualify for capitalisation relating to producing asset additions, improvements or new developments. Development and producing assets are carried at cost less accumulated depreciation, depletion and accumulated impairment losses.

Infrastructure assets and other property, plant and equipment

Infrastructure assets and other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depletion and depreciation

Depletion and depreciation are provided at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:

Oil and gas assets	
Production and development costs	Unit[1]
Geological and geophysical costs, production drilling costs and development drilling costs	Unit[1]
Right-of-use assets	
Leasehold buildings	Life of the lease
Infrastructure assets	Years
Pipeline and facilities	5–40
Equipment	5–10
Other assets	
Computers	3
Motor vehicles	4
Furniture and fixtures	5–10

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

Oil and gas assets are depleted on a unit-of-production basis over the total proved and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. This method takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred. Rights and concessions are depleted on the unit-of-production basis over the total proved and probable reserves of the relevant area. Changes in the estimates of commercial reserves or future field development costs are accounted for prospectively.

Pipeline fill

Natural gas which is used to fill pipelines and is necessary to bring a pipeline into working order is treated as a part of the cost of the related pipeline on the basis that it is not held for sale or consumed in a production process but is necessary for the operation of a facility during more than one operating cycle. Also, its cost cannot be recouped through sale (or is significantly impaired). This applies even if the part of inventory that is deemed to be an item of property, plant and equipment (“PP&E”) cannot be separated physically from the rest of inventory. It is valued at cost and is depreciated over the useful life of related asset.

Notes to the financial statements continued
for the year ended 31 December 2023

3. Material accounting policies continued

Intangible assets

Exploration and evaluation assets

These assets relate to exploration and evaluation expenditure and are accounted for under IFRS 6: Exploration for and Evaluation of Mineral Resources. Only costs which relate directly to the discovery and development of specific oil and gas reserves are capitalised.

Exploration and evaluation (E&E) expenditure which relates to unsuccessful drilling operations, though initially capitalised pending determination, is subsequently written off. E&E costs are valued at cost less accumulated impairment losses and capitalised within exploration and evaluation assets. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the consolidated statement of comprehensive income. When the exploratory phase has resulted in the recognition of commercial reserves, the related costs are first assessed for impairment and (if required) any impairment recognised, then the remaining balance is transferred to Oil and gas assets within Plant, property and equipment.

Long-lead items are classified within Plant, property and equipment and transferred to E&E assets within Intangible assets once utilised in E&E activities.

Other intangible assets

Other intangible assets are initially recognised at cost less accumulated amortisation and any accumulated impairment losses. These assets comprise IT software and are amortised on a straight-line basis over their useful economic life, typically three to five years.

Leases

Lessee accounting

On inception of a contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether the contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain all of the economic benefits from the use of the asset throughout the period of use, and the Group has the right to direct the use of the asset.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group also applied the available exemptions wherein it:

- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months of the date of initial application; and
- Applied the low-value leases exemptions to leases for which the underlying assets are of low value.

The lease liability recognised under IFRS 16 is measured on a discounted basis. The discount rate used to discount the lease payments for each lease is the incremental borrowing rate appropriate for each lease at the date of initial application. The incremental borrowing rates were determined for each lease taking into consideration factors such as the term of the lease, the nature of the asset, credit risk and the economic environment in which the asset was located (which included the currency in which the lease was denominated).

Lessor accounting

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as finance lease receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group does not account for any contracts where the Group is a lessor as an operating lease.

Investments in subsidiaries

Investments in subsidiaries are stated in the statement of financial position at cost less any provisions for impairment. If a distribution is received from a subsidiary, then the investment in that subsidiary is assessed for an indication of impairment depending on the nature of the distribution. Typically, these distributions are intercompany dividends.

Investments in associates

An associate is an entity over which the Group has significant influence, through the power to participate in the financial and operating policy decisions of the investee, but which is not a subsidiary or a joint arrangement. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The aggregated statement of comprehensive income reflects the Group's share of results of operations in the associate.

3. Material accounting policies continued

Financial investment

When the Group has an equity interest in an entity that is not a consolidated subsidiary, an equity accounted for investment or subject to joint control, the interest is initially carried at cost (deemed to be the fair value i.e. transaction price), and then any changes in the fair value are recorded as FVTPL, as per the below financial assets policy.

Segmental analysis

In the opinion of the Directors, the Group is primarily organised into three geographical operating segments and one Unallocated segment. This is consistent with the Group's internal reporting to the Group's executive committee, which is the chief operating decision maker; refer to Note 5.

Impairment

Property, plant and equipment

At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are cash inflows that are largely independent of the cash inflows from other assets or group of assets. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated 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 consolidated 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: Exploration for and Evaluation of Mineral Resources. Where the Group identifies that an asset may be impaired, the Group performs an assessment of the recoverable value in accordance with the requirements of IAS 36: Impairment of Assets. Any impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Financial assets

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are classified as measured at FVTPL when the asset does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. Such assets are carried on the consolidated statement of financial position at fair value with gains or losses recognised in the consolidated statement of comprehensive income. Derivatives, embedded or otherwise, are included in this category; such embedded derivatives include a customer's ability to pay in a different currency than billed (no material derivatives have been identified) or call options included within a loan note which gives the Group the option to repay the loan at a discount to the face value of the note.

Amounts due from Group companies and other receivables

Amounts due from Group companies and other receivables are measured at amortised cost using the effective interest method less any impairment. Included within other receivables are deposits paid for future acquisitions which are recognised until such a time the acquisition is completed and is included within the consideration paid for the business. If the acquisition does not complete and the deposit is non-refundable, this amount is immediately recognised in the consolidated statement of comprehensive income.

Loans and advances

Loan and advances are measured at amortised cost using the effective interest method less accumulated impairment. The effective interest of the loan is used to calculate the amortised cost and the amortisation of the loan is recognised as Finance income in the consolidated statement of comprehensive income.

Notes to the financial statements continued

for the year ended 31 December 2023

3. Material accounting policies continued

Financial assets continued

Impairment of financial assets

The Group recognises a provision for expected credit loss (ECL) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any). ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit loss that results from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss provision is required for credit loss expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers. The measurement of ECL includes where relevant, an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Group applies both the simplified approach, using a provision loss rate matrix which is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment; and the three-stage general approach to determine impairment of trade receivables depending on their respective nature.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis. Under this approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing category and for each individual exposure. The PD and LGD is based on default rates determined by external rating agencies for the counterparties. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward-looking information, which includes relevant country: GDP data; inflation rates; interest rates; and FX rates and crude oil prices, to arrive at an ECL. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For receivables from related parties, the Group applies the general approach. The general approach involves tracking the changes in the credit risk and recognising a loss allowance based on a 12-month ECL at each reporting date. When the Group acquires credit impaired assets, the ECL that is netted against the gross receivable balance is released to the consolidated statement of comprehensive income when the original invoice that the ECL relates to is settled.

For amounts due from Group companies, the Company recognises an allowance equal to the 12-month ECL where there has been no significant increase in credit risk since initial recognition. If it has been determined that there has been a significant increase in credit risk since initial recognition, a lifetime ECL is recognised.

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 joint ventures or jointly controlled entities. When the Group has rights to the assets and obligations for the liabilities relating to the arrangement, the Group accounts for its share of assets, liabilities, revenues and expenses as a joint operation.

When the Group has rights to the net assets of the arrangement, the Group recognised its interest as an investment and for that investment using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the venture since the acquisition date. The aggregated statement of comprehensive income reflects the Group's share of results of operations in the ventures.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is: (i) contingent consideration that may be paid by an acquirer as part of a business combination; (ii) held for trading; or (iii) designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the fair value adjustment line item in the consolidated statement of comprehensive income.

Financial loan guarantees

Where the Company issues loan guarantees in support of its subsidiaries' borrowing requirements, the loan guarantee needs to be recognised. Previously, loan guarantees were recorded in accordance with IFRS 4 Insurance Contracts. With the replacement of IFRS 4 with IFRS 17 Insurance Contracts, the Company has made a policy choice to recognise such guarantees under IFRS 9: Financial Instruments. Therefore, on initial recognition the loan guarantee liability is measured at its fair value based on the deemed benefit it has provided to its subsidiary. Subsequent measurement of the guarantee is based on the higher of the initial fair value less any amortisation income earned and any ECL estimated in accordance with IFRS 9's generalised approach. More detail is set out in Notes 28 and 39.

3. Material accounting policies continued

Financial liabilities and equity continued

Financial liabilities at amortised cost

After initial recognition at fair value, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Certain borrowings within the Group have payment-in-kind provisions in relation to interest payments whereby the Group can elect to exercise such provisions in place of payment of accrued interest. When this occurs, the accrued interest is added to the principal amount and interest is accrued on the new principal amount.

Equity instruments

Equity instruments issued by the Group are recorded at the fair value of the proceeds received or the fair value price at the date of issue, net of direct issue costs, which are recorded to share capital (nominal value) and share premium.

Trade payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost.

Warrants

The Company accounts for issued warrants either as a liability or equity in accordance with the substance of the transaction, depending on whether the warrants are issued in exchange for goods or services, or not. When there is an exchange of goods or services, warrants are accounted for as share-based payments. If there is no exchange of goods or services, the warrants are considered an equity instrument if it includes: (i) no contractual obligation either to deliver cash or another financial asset to another entity; and (ii) the instrument will or may be settled in the Company's own equity instrument if it is a non-derivative that includes no contractual obligation for the Company to deliver a variable number of its own equity instruments or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Liability-classified warrants are measured at fair value on the grant date and at the end of each reporting period. Any change in the fair value of the warrants after the grant date is recorded as FVTPL. Equity-classified warrants are accounted for at fair value on grant date with no changes in fair value recognised after the grant date.

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 consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date. Withholding taxes are included within the current tax line if they are calculated on a "net profit" figure; if such taxes are calculated on revenue items, these amounts are included within expenses.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination or recognising decommissioning assets and provisions) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. For accounting periods commencing 1 January 2023, IAS 12 Income Tax has been modified in respect of accounting for deferred tax in respect of decommissioning assets and liabilities. The adoption of these amendments have not had a material impact to the Group's consolidated financial reporting.

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.

Notes to the financial statements continued

for the year ended 31 December 2023

3. Material accounting policies continued

Deferred tax continued

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the consolidated statement of comprehensive income, except when they relate to items credited or debited directly to equity or Other comprehensive income, in which case the tax is also recognised directly in equity or Other comprehensive income, as appropriate.

Inventories

Inventories of oil and condensate assets are stated at the lower of their cost and net realisable values and changes are recognised in the consolidated statement of comprehensive income.

Other inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method and comprises direct materials and, where applicable, direct labour, overheads and other charges incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Cash at bank

Cash at bank in the consolidated statement of financial position comprises cash and cash equivalents, such as cash at banks and at hand and short-term deposits with an original maturity of up to three months. It also includes amounts held in accounts designated for debt service purposes. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined.

Within certain countries where the Group operates, bank accounts can go into overdraft from time to time as part of the Group's cash management. In these circumstances, the overdrafts are included as a component of cash and cash equivalents due to these balances fluctuating from being positive to overdrawn. Otherwise, the overdrawn accounts are shown as a liability.

Provisions

General

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Group's best estimate of the expenditure required to settle the obligation at the statement of financial position date, considering the risks and uncertainties of the obligation, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the consolidated 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 consolidated statement of comprehensive income net of any reimbursement.

Decommissioning liability

The Group recognises an initial decommissioning liability and an asset in Property, plant and equipment, if it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred by the development/construction of the asset. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to Property, plant and equipment.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of comprehensive income within Finance Income. If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas asset net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to the consolidated statement of comprehensive income.

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

Share-based payments

The Group issues equity-settled share-based payments to some of its employees and directors through stock option plans. In accordance with IFRS 2, these plans are measured at fair value on the grant date and are accounted for as an employee expense on a straight-line or graduated vesting for each tranche basis over the vesting period of the plans.

The equity-settled transaction reserve accounts for the expense associated with options that have been granted but not yet vested. The cost of the share options is recognised as an increase in the equity-settled transaction reserve at the time of the award for awards with no market conditions and over the expected vesting period for awards with market conditions. This reserve is transferred to the retained earnings account over time when such shares become vested. If the shares options lapse when unvested, the cumulative charge is reversed in the Statement and Comprehensive Income and a corresponding reduction in the reserve account.

3. Material accounting policies continued

Share-based payments continued

The proceeds received on exercise of share options are net of any directly attributable costs are credited to share capital (nominal value) and share premium in the Company.

The Company has the obligation to deliver the shares. The Company recognises an increase in the investment in the subsidiary undertaking that employs the recipients of the share-based payment awards as a capital contribution from the parent and a corresponding increase in equity. These amounts are equal to the expense recognised in the subsidiary.

When the terms of an equity-settled share-based payments are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Where relevant assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss (and the comparatives restated).Additional disclosures are provided in Note 34. All other notes to the financial statements include amounts or continuing operations, unless indicated otherwise.

Capital

The capital structure of the Group consists of equity attributable to the owners of the Company, comprising issued capital, treasury shares, the capital contribution reserve, the share-based payment reserve and the retained earnings.

Share capital and share premium

Share capital comprises issued capital in respect of issued and paid-up shares, at their par value. Share premium comprises the difference between the proceeds received and the par value of the issued and paid-up shares.

Treasury shares

The shares in the Company held by the Employee Benefit Trust (EBT) are included in the consolidated statement of financial position at cost of acquisition as a deduction from equity. The EBT has been consolidated within these Group accounts as the Group has control over the entity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. If any shares are reissued, the difference between the weighted average carrying amount and the consideration received is recognised in share premium.

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.

Capital management

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term, and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, amounts received from the issue of shares, debt financing and cash flows from its operating entities. There are no externally imposed capital requirements. Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the post-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the financial statements continued

for the year ended 31 December 2023

3. Material accounting policies continued

Employee benefits

Defined contribution plan

The Group remits employees' contributions to designated pension fund administrators. The Group and its employees contribute a percentage of the employees' current salaries and designated allowances. Employees' contributions to the scheme are funded through payroll deductions while the Group's contributions are charged to the consolidated statement of comprehensive income in the year to which the contributions relate. The Group has no legal or constructive obligation to pay further contributions if the relevant pension fund does not hold sufficient assets.

Defined benefit plan

Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of relevant staff under a defined benefit plan (the "scheme"). Employees under the scheme are entitled to a percentage of their final salary and an amount based on a (capped) number of years of continuous service. The actuarial techniques used to assess the value of the scheme involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc.). The Group uses the assistance of an external independent actuary in the assessment of these assumptions.

The Group has adopted the Projected Unit Credit ("PUC") method to establish the value of the accrued liabilities. In calculating the liabilities, the method:

- Recognises the Group service rendered by each member of staff at the review date.
- Anticipates that salaries will increase between the review date and the eventual exit date of the employee via withdrawal, death or retirement.
- Discounts the expected benefit payments to the review date.

Short-term employee benefits

(i) Rewards

Short-term employee benefits are rewards such as wages, salaries, paid annual leave and bonuses (if payable within 12 months of the end of the year) and non-monetary benefits (such as medical care, housing, cars, etc.).

(ii) Medical insurance scheme

The Group subscribes to a medical insurance plan on behalf of its employees, paying a gross premium to a health management organisation based on the level of the employee. This premium is treated as a prepayment and charged to staff costs monthly.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The impact of estimate sensitivities are disclosed where such sensitivities are considered material, meaningful and practical.

Critical accounting judgements

Business combination

When the Company announced its intention to acquire the Chad and Cameroon Assets in 2021, 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 Chad and Cameroon Assets should not be accounted for as a reverse acquisition.

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.

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

Critical accounting judgements continued

Financial investment - COTCo

As described in Note 2, Basis of preparation, the Company has not been able to fully access all the underlying financial information to prepare the financial information for audit purposes to be consolidated into the Group's financial statements for the year ended 31 December 2023 due to a shareholder dispute. As a result of this the Directors believe that from the time the dispute commenced it was no longer appropriate for the Group to continue to equity account for its investment in COTCo as an Investment in associate and therefore the carrying value has been reclassified as a Financial investment and is valued under IFRS 9 with changes in the fair value recorded through profit or loss (FVTPL). More detail is set out in Note 18.

Revenue from contracts with customers – timing of recognition

Revenue from gas delivered and crude oil processing services will be recognised over time because, as the Group performs, the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the processing or re-deliver the gas that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group has determined that revenue from the sale of crude oil will be recognised at a point in time, as control is passed to the customer.

The Group has determined that the output method is the best method in measuring progress of quantity of gas delivered and crude oil processing because there is a direct relationship between the Group's effort (i.e. quantity delivered or processed) and the transfer of goods and service to the customer. Units delivered or processed as an output method appropriately depicts how the Group transfers control to its customers. The Group recognises revenue on the basis of the actual quantity of gas delivered and quantity of crude oil processed relative to the total expected gas to be delivered and crude oil to be processed.

Exploration and evaluation expenditure

The accounting for 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 that exploratory costs remain capitalised for several years while additional drilling is performed or the Group seeks government, regulatory or partner approval of development plans.

Recoverability of Property, plant and equipment

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 (including relevant climate change related risks and costs) and applying a suitable pre-tax discount rate.

Oil and gas Reserves and Resources

Detailed technical and commercial evaluations are performed for assessing the estimated oil and natural gas Reserves and Resources of the Group. These estimates undergo regular reviews and updates, influenced by factors such as the availability of geological and engineering data, reservoir performance data, acquisition, development plans and cost and revenue assumptions. The determination of the Group's Reserves and Resources estimates relies on a rigorous technical and commercial assessment following conventional industry practices, aiming for reasonable certainty. Reserves and Resources assumptions for value-in-use tests are based on the Reserves and Resources that management currently intends to develop. The recoverable amount of oil and gas properties is calculated using various inputs, including Reserves, Resources and production volumes (including relevant climate change related risks). Risk factors may be applied to Reserves and Resources that do not meet the criteria to be classified as proved or probable.

Key sources of estimation uncertainty

Current and deferred taxes

Judgement is required to determine which types of arrangements are a tax on income in contrast to an operating cost. and is also required in determining whether deferred tax assets are recognised in the consolidated statement of financial position. Deferred tax assets, mainly arising from unutilised tax losses and capital allowances, require management to assess the likelihood that the entities within the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. The deferred tax assets recognised in the financial statements are based on estimated future taxable profits of the Group and are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, capital expenditure and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the deferred tax assets recorded at the reporting date could be impacted. A 1% decrease in the future taxable income would increase the tax charge in the consolidated statement of comprehensive income by US$2.1 million (2022: US$9.2 million).

Notes to the financial statements continued

for the year ended 31 December 2023

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

Key sources of estimation uncertainty continued

Provision for expected credit losses of trade receivables

Under the simplified approach, the Group uses a provision matrix to calculate ECLs for some of its trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type). The provision matrix is initially based on historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. A 1% increase in the loss rate for trade receivables would increase the pre-tax charge in the consolidated statement of comprehensive income by US$4.1 million (2022: US$2.2 million). For other trade receivables which are subject to discussions with the counterparty, specific assessments are made to determine the recoverability of such amounts which includes expected recovery rates and discounting for the time value of money. The information about the ECLs on the Group's Trade and other receivables is disclosed in Note 23.

Measurement of the expected credit loss allowance for financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further discussed, which also sets out key sensitivities of the ECL to changes in these elements.

Several significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Fair value hierarchy

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimates include considerations of inputs such as liquidity risk, credit risk and volatility. The fair value of cash and cash equivalents, accounts receivable and accounts payable is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At each year end presented, the fair value of these balances approximated their carrying value due to their short term to maturity.

Fair value measurement

From time to time the Group is required to determine the fair values of both financial and non-financial assets and liabilities, (e.g. when the entity acquires a business), or where an entity measures the recoverable amount of an asset or cash-generating unit. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

COTCo fair value measurement

As described in the Critical judgements section above, the equity interest in COTCo is now recognised as a financial investment in accordance with IFRS 9: Financial Instruments, with changes in its fair value recorded as FVPTL. In accordance with the fair value hierarchy and measurement rules stated above, the fair value of the remaining interest in COTCo as at the reporting date was based on the realised transaction price (Level 2 input) when the Group effectively disposed of a 10% interest it held for an amount of US$44.9 million. More detail is set out at Note 18.

US$20 million SSN call option

As set out in Note 29, in 2019 the Group issued a US$20 million Senior Secured Note. Embedded within this instrument is a call option which allows the issuer to redeem the note at a discount to its contractual face value, during the note's term. Given this optionality, the underlying note and the option had to be identified and valued separately. The loan was valued by discounting the future contractual cash flows at an appropriate market rate for a debt instrument without any call features. The option value was determined using an option model that estimated the relative option values for early exercise. Changes to the inputs within the option model could lead to a material change in the valuation. The option is revalued at each reporting date.

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

Key sources of estimation uncertainty continued

Warrant valuations

The Company uses a Black-Scholes valuation model to value any warrants granted on the basis that the warrants are not subject to market conditions and the expected exercise date has been assumed to be the warrants expiry date. The estimated fair value of the warrant is determined based on assumptions related to expected share-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its ordinary shares based on historical volatility that matches the expected remaining life of the warrants. The risk-free interest rate is based on the UK government zero-coupon yield curve on the grant and subsequent reporting dates for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term and the dividend rate is based on the historical rate, which the Company assumes for the purpose of the valuation to be nil.

Decommissioning liabilities

The Group has decommissioning obligations in respect of its oil and gas assets and related midstream infrastructure assets. The ultimate decommissioning and restoration costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal and regulatory requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change in response to changes in reserves or changes in laws and regulations or their interpretation.

The extent to which a provision is recognised requires Management to make judgements on the legal and constructive obligations at the date of decommissioning, estimates of the restoration costs, timing of work, long-term inflation and discount rates to be applied. As a result, there could be significant adjustments to the provisions established which would affect future financial results. Changes to expected timing of cash outflows can materially change the decommissioning liability. A 0.5% decrease in the discount rate used in calculating the decommissioning liabilities would lead to an increase in the provision of US$3.9 million (2022: US$8.1 million).

Recoverability of exploration and evaluation costs

The outcome of ongoing exploration, and therefore the recoverability of the carrying value of exploration and evaluation assets, is inherently uncertain. Management makes the judgements necessary to implement the Group's policy with respect to exploration and evaluation assets and considers these assets for impairment at least annually with reference to indicators in IFRS 6. If indicators for impairment are identified, management compares the carrying value of these assets to the estimated net present value of the underlying oil and gas Reserves and Resources and related future cash flows that could be generated from these assets based upon estimates of future revenues, development costs and operating costs applying a suitable post-tax discount rate. The reserve and resource estimates are management's best estimates, taking into consideration independent evaluations of the proved and probable reserves attributable to the Group's economic interests using industry standard definitions and measurement techniques. Further details are provided in Note 17.

Take-or-pay contracts

The Group makes long-term and short-term gas supply commitments in return for a commitment from customers to pay for minimum quantities, whether or not they take delivery. However, revenue will only be recognised upon delivery, and not simply by obligation to receive payment. Since some customers may be unable to take the full volume at once, then delivery may be deferred to a later date until the expiration of the contract, with additional make-up volumes allowable. The expected timing and amount of revenue may change based on quantity delivered and make-up gas quantity taken and therefore the Group estimates the expected future delivery profiles of each customer, which impacts the classification of current and non-current contract liabilities. Amounts shown as a current liability on the consolidated statement of financial position are based upon the annual utilisation forecasts provided by the Group's customers, as required by their respective gas sales agreements.

Defined benefit plan

Defined benefit obligations are measured based on actuarial assumptions. These include assumptions in respect of mortality rates, withdrawal from service and future salary increases, as well as appropriate inflation and discount rates. The Group considers that the assumptions used to measure its obligations are appropriate and documented. Further details on these assumptions and associated sensitivities are provided in Note 32.

5. Segmental reporting

For the purposes of resource allocation and assessment of segment performance, the operations of the Group are divided into four segments: three geographical locations and an Unallocated segment. The current geographical segments are Nigeria, Cameroon and Niger. All these geographical segments' principal activities are exploration, development and extraction of oil and gas. The Unallocated segment's principal activities are the governance and financing of the Group, as well as undertaking business development opportunities. Items not included within Operating profit/(loss) are reviewed at a Group level and therefore there is no segmental analysis for this information.

Notes to the financial statements continued
for the year ended 31 December 2023

5. Segmental reporting continued
The following is an analysis of the Group's revenue and results by reportable segment in 2023:

Continuing operations	Nigeria US$'000	Cameroon US$'000	Niger US$'000	Unallocated US$'000	Group US$'000
Revenue	224,175	—	—	—	224,175
Cost of sales	(76,912)	—	(328)	(578)	(77,818)
Gross profit/(loss)	**147,263**	—	**(328)**	**(578)**	**146,357**
Other operating income	28,877	—	—	—	28,877
Administrative and other operating expenses	(7,547)	—	(833)	(33,749)	(42,129)
Transaction and other related expenses	—	—	—	(13,248)	(13,248)
Expected credit loss and other related adjustments	20,837	—	—	(4,134)	16,703
Operating profit/(loss)	**189,430**	—	**(1,161)**	**(51,709)**	**136,560**
Share of profit from associates					4,400
Finance income					3,216
Finance costs					(102,655)
Fair value through the profit or loss and other adjustments					(5,706)
Foreign exchange loss					(104,713)
Loss before tax					**(68,898)**

	Nigeria US$'000	Cameroon US$'000	Niger US$'000	Unallocated US$'000	Total US$'000
Segment DD&A	**37,200**	**—**	**225**	**939**	**38,364**
Segment non-current assets additions[1]	**8,022**	**—**	**4,870**	**807**	**13,699**
Assets					
Non-current assets					
Property, plant and equipment	474,550	—	1,134	460	476,144
Intangible assets	2,597	—	171,460	650	174,707
Financial investment	—	139,459	—	—	139,459
Deferred tax assets	227,318	—	—	—	227,318
Right-of-use assets	1,015	—	—	1,633	2,648
Restricted cash	29	—	—	—	29
Other non-current receivables	3,816	—	—	6,063	9,879
Total non-current assets	**709,325**	**139,459**	**172,594**	**8,806**	**1,030,184**
Inventory	7,143	—	—	—	7,143
Trade and other receivables	355,951	3	18	14,885	370,857
Cash at bank	74,800	2	439	31,700	106,941
Total current assets	**437,894**	**5**	**457**	**46,585**	**484,941**
Total assets	**1,147,219**	**139,464**	**173,051**	**55,391**	**1,515,125**
Non-current liabilities					
Other payables	2,030	—	—	—	2,030
Borrowings	94,297	119,172	—	—	213,469
Lease liabilities	—	—	—	1,998	1,998
Deferred tax liabilities	—	—	—	—	—
Provisions	47,656	—	1,600	—	49,256
Contract liabilities	346,490	—	—	—	346,490
Total non-current liabilities	**490,473**	**119,172**	**1,600**	**1,998**	**613,243**
Current liabilities					
Trade and other payables	51,488	21	16,156	40,335	108,000
Borrowings	352,897	—	11,376	2,926	367,199
Interest payable	127,294	82	8,496	218	136,090
Tax liabilities	6,384	—	—	—	6,384
Lease liabilities	1,702	—	—	1,096	2,798
Contract liabilities	17,654	—	—	—	17,654
Total current liabilities	**557,419**	**103**	**36,028**	**44,575**	**638,125**
Total liabilities	**1,047,892**	**119,275**	**37,628**	**46,573**	**1,251,368**

1. Incldues Property , plant and equipment, intangible assets and right-of-use assets.

5. Segmental reporting continued

The following is an analysis of the Group's revenue and results by reportable segment in 2022:

Continuing operations	Nigeria US$'000	Cameroon US$'000	Niger US$'000	Unallocated US$'000	Group US$'000
Revenue	212,498	—	—	—	212,498
Cost of sales	(72,772)	—	(128)	(256)	(73,156)
Gross profit/(loss)	139,726	—	(128)	(256)	139,342
Other operating income	7,767	—	—	—	7,767
Administrative and other operating expenses	(9,476)	—	(622)	(29,429)	(39,527)
Gain on disposal	—	—	—	7,372	7,372
Transaction and other related expenses	—	—	—	(14,487)	(14,487)
Expected credit loss and other related adjustments	(39,495)	—	—	—	(39,495)
Operating profit/(loss)	98,522	—	(750)	(36,800)	60,972
Share of profit from associates					160
Finance income					1,068
Finance costs					(78,871)
Fair value through the profit or loss and other adjustments					(8,133)
Foreign exchange loss					(28,925)
Loss before tax					(53,729)

	Nigeria US$'000	Cameroon US$'000	Niger US$'000	Unallocated US$'000	Sub-total US$'000	Chad[1] US$'000	Total US$'000
Segment DD&A	38,144	—	168	723	39,035	1,610	40,645
Segment non-current assets additions	6,533	—	6,324	1,380	14,237	8,907	23,144
Assets							
Non-current assets							
Property, plant and equipment	501,387	—	1,180	488	503,055	120,063	623,118
Intangible assets	4,072	—	169,242	792	174,106	8,907	183,013
Investments in associates	—	183,425	—	—	183,425	4,925	188,350
Deferred tax assets	228,582	—	—	—	228,582	6,084	234,666
Right-of-use assets	1,621	—	—	2,037	3,658	—	3,658
Restricted cash	28	—	—	—	28	—	28
Other non-current receivables	—	—	—	7,032	7,032	—	7,032
Total non-current assets	735,690	183,425	170,422	10,349	1,099,886	139,979	1,239,865
Current assets							
Inventory	5,194	—	—	—	5,194	35,180	40,374
Trade and other receivables	188,881	379	24	37,669	226,953	12,393	239,346
Cash at bank	205,456	—	1,441	33,991	240,888	—	240,888
Total current assets	399,531	379	1,465	71,660	473,035	47,573	520,608
Total assets	1,135,221	183,804	171,887	82,009	1,572,921	187,552	1,760,473
Non-current liabilities							
Other payables	3,225	—	—	—	3,225	4,487	7,712
Borrowings	102,392	—	—	—	102,392	—	102,392
Lease liabilities	835	—	—	2,618	3,453	—	3,453
Deferred tax liabilities	—	—	—	—	—	27,605	27,605
Provisions	44,444	—	1,622	—	46,066	48,779	94,845
Contract liabilities	314,018	—	—	—	314,018	—	314,018
Total non-current liabilities	464,914	—	1,622	2,618	469,154	80,871	550,025
Current liabilities							
Trade and other payables	43,935	18	17,372	60,804	122,129	157,319	279,448
Borrowings	369,110	162,023	12,264	—	543,397	—	543,397
Interest payable	98,582	1,243	5,775	—	105,600	—	105,600
Tax liabilities	7,824	—	—	—	7,824	10,690	18,514
Lease liabilities	755	—	—	871	1,626	—	1,626
Contract liabilities	17,792	—	—	—	17,792	—	17,792
Total current liabilities	537,998	163,284	35,411	61,675	798,368	168,009	966,377
Total liabilities	1,002,912	163,284	37,033	64,293	1,267,522	248,880	1,516,402

1. Refer to Note 34 Discontinued operations, which sets out the Company's position with respect to the Chad Assets.

Notes to the financial statements continued
for the year ended 31 December 2023

6. Revenue
(a) Revenue from contracts with customers

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Gas sales	**202,744**	181,125
Oil, condensate and processing sales	**21,431**	31,373
Total revenue from contracts with customers	**224,175**	212,498

Gas sales represents gas deliveries made to the Group's customers under gas sale agreements. The Group sells oil and condensate at prevailing market prices. Revenue amounting to US$166.9 million (2022: US$195.4 million) related to two (2022: four) of the Group's customers which each contribute more than 10% of revenue, US$121.7 million and US$45.2 million respectively (2022: US$89.2 million, US$48.4 million, US$28.0 million, and US$29.8 million).

(b) Other operating income

Other operating income of US$28.9 million (2022: US$7.8 million) relates to the invoicing of foreign exchange losses incurred on certain customer trade receivables that are settled in a currency other than the invoiced currency and are permitted to be invoiced to the relevant customer. The prior year's comparative has been represented from Foreign exchange losses to conform with the 2023 presentation and to more appropriately reflect the nature of these transactions.

7. Cost of sales

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Depletion and depreciation – oil and gas, and infrastructure assets (Note 16)	**34,819**	36,794
Facility operation and maintenance costs[1]	**37,909**	28,938
Royalties	**5,090**	7,424
	77,818	73,156

1. Included within facility operation and maintenance costs are staff costs amounting to US$8 million (2022: US$12.3 million) which have been included within net staff costs in Note 8.

The comparative notes have been restated. Refer to Note 34 for more details.

8. Operating profit

Operating profit has been arrived at after charging:

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Net staff costs	**35,897**	35,629
Depletion and depreciation – other assets (Note 16)	**504**	617
Depletion and depreciation – intangible assets (Note 17)	**2,027**	558
Depreciation – right-of-use assets (Note 19)	**1,014**	1,066
Gain on disposal	**—**	7,372
Transaction and other related expenses	**13,248**	14,487

The comparative notes have been restated. Refer to Note 34 for more details.

Transaction and other related expenses primarily relate to the Group's legal and other costs in relation to the Chad and Cameroon arbitration processes, and acquisition related expenses relating to the proposed acquisition of assets in South Sudan.

During the year, the Group obtained the following services from the Company's and subsidiaries' auditors:

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Fees payable to BDO LLP for the audit of the Group's annual accounts	**641**	468
Fees payable to BDO LLP and its associates for the audit of the Group's subsidiaries	**307**	253
Fees payable to PricewaterhouseCoopers SARL for the audit of the Group's subsidiaries	**—**	620
Total audit fees	**948**	1,341
Fees payable to the Group's auditor		
Audit-related assurance services	**125**	—
Other advisory services	**—**	1
Total non-audit fees to the Group's auditor and its associates	**125**	1
Total fees incurred	**1,073**	1,342

Total fees incurred by the Group were US$1.1 million (2022: US$1.3 million).

9. Staff costs

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

Continuing operations	2023 No.	2022 No.
Management	**11**	12
Administration and support	**103**	102
Operations	**168**	144
	282	258

The comparative notes have been restated. Refer to Note 34 for more details.

The total number of employees at the reporting date was 278 (2022: 277). There are no employees employed by the Company.

Employee benefits recognised during the year comprised:

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Salaries and wages	**22,072**	24,569
Long-term employee benefits (Note 32)	**463**	181
Share-based payments (Note 26)	**4,743**	1,268
Pension, social security and other benefits costs	**9,467**	9,864
	36,745	35,882

The comparative notes have been restated. Refer to Note 34 for more details.

Included within staff costs are costs that have been capitalised as part of exploration and evaluation assets and amounted to US$848,000 (2022: US$253,000).

Compensation for key management personnel (as defined in Note 37) during the year comprised:

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Salaries and wages, and fees	**4,214**	3,586
Share-based payments expense	**1,179**	1,024
Pension costs	**138**	80
Other benefits	**9**	45
	5,540	4,735

Compensation for the highest paid Director during the year comprised:

	2023 US$'000	2022 US$'000
Salaries and wages	**2,295**	2,812
Pension costs	**81**	80
Other benefits	**4**	4
	2,380	2,896

10. Finance income

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Lease income	**19**	35
Bank interest income	**1,714**	913
Other interest income	**1,483**	120
	3,216	1,068

11. Finance costs

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Interest on bank borrowings and loan notes	**83,266**	62,313
Amortisation of balances measured at amortised cost[1]	**9,725**	7,227
Unwinding of decommissioning discount (Note 30)	**5,263**	5,585
Interest expense on lease liabilities (Note 19)	**259**	367
Bank charges	**157**	231
Other finance costs	**3,985**	3,147
	102,655	78,870

1. Includes amounts due to unwinding of a discount on a long-term payable, contract liabilities (Note 31) and amortisation of debt fees.

The comparative notes have been restated. Refer to Note 34 for more details.

Financial statements

Notes to the financial statements continued
for the year ended 31 December 2023

12. Fair value through profit and loss and other adjustments

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Fair value through profit or loss	**(4,886)**	(8,134)
Other adjustments – loss on disposal (Note 18(a))	**(820)**	—
	(5,706)	(8,134)

FVTPL includes the revaluation of the embedded derivative within the US$20 million Senior Secured Note (Note 29) held by Accugas Holdings UK Plc, a subsidiary of the Group as well as changes in the warrant instrument recognised as a financial liability (Note 28). The embedded derivative of the note provides a redemption option whereby early repayment of the principal amount will result in a discount to the contractual loan value. The value of the option at the year end, as well as the valuation method, is described in Note 29.

As set out in Note 18, the equity interest in COTCo has been accounted for as a Financial investment as FVTPL. During the year the carrying value was written down by US$2.6 million. Additionally, Note 18(a) sets out the partial disposal of an equity interest in COTCo which resulted in a loss of US$0.8 million. During the year, the Group entered into hedging arrangements to provide protection against adverse oil price movements. The option was not exercised prior to expiry and the premiums were fair valued to nil resulting in a fair value loss of US$1.7 million through the profit and loss.

13. Foreign exchange loss

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Realised loss	**36,803**	16,551
Unrealised loss	**67,910**	12,374
	104,713	28,925

Realised foreign translation loss mainly relates to the translation of Naira denominated transactions into US Dollars. The comparative for Realised loss has been represented in accordance with Note 6. Unrealised loss relates to the revaluation of monetary items held in currencies other than US Dollars. During the year ended 31 December 2023, the Nigerian Naira devalued against the US Dollar which largely resulted in an unrealised loss on monetary balances held in Naira.

14. Taxation

(a) Income tax

The tax expense recognised in the profit or loss statement for the Group is:

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Current tax expense		
Current year	**5,860**	9,579
Adjustments in respect of prior years	**(38)**	(92)
Current tax expense	**5,822**	9,487
Deferred tax credit		
Origination and reversal of temporary differences	**4,696**	(1,216)
Change in tax rates	**(311)**	—
Write down and reversal of previous write downs of deferred tax assets	—	(3,959)
Recognition of decommissioning deferred tax assets and liabilities	**(1,095)**	—
Adjustments in respect of prior years	**(1,979)**	374
Deferred tax expense/(credit)	**1,311**	(4,801)
Total tax expense	**7,133**	4,686

(a) Comparatives have been restated to present the Chad Assets as discontinued operations. Refer to Note 34 for further details.

The tax expense recognised in Other comprehensive income for the Group is:

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Deferred tax		
– Current year	**48**	33
Total tax expense	**48**	33

Current 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$6.4 million (2022: US$18.5 million) principally relate to the corporation tax liabilities in Nigeria. In 2023, the Nigerian corporation tax rate of 30% (2022: 30%) was used for the tax reconciliation. The amount owed by the Company is US$nil (2022: US$nil).

14. Taxation continued

(a) Income tax continued

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
The total tax expense for the year can be reconciled per the consolidated statement of comprehensive income as follows:		
Loss before tax	**(68,898)**	(53,732)
Loss before tax multiplied by the tax rate of 30.0% (2022: 30.0%)	**(20,669)**	(16,119)
Tax effects of:		
Withholding tax	—	2,048
Expenses disallowed for taxation purposes	**6,757**	6,817
Other Nigerian petroleum taxes[1]	**5,786**	8,205
Losses arising in the Company and other holding company entities	—	3,371
Unrecognised deferred tax on losses on exploration activities	—	1,741
Unrecognised deferred tax on decommissioning costs	—	1,892
Recognition of decommissioning deferred tax assets and liabilities	**(1,095)**	—
Other temporary differences not recognised	**10,316**	408
Increase in deferred tax assets not recognised	**8,367**	—
Remeasurement of deferred tax assets and tax rate changes	**(313)**	(3,959)
Adjustments in respect of prior years	**(2,016)**	282
Total tax expense	**7,133**	4,686

1. The Petroleum Industry Act (PIA) was passed in Nigeria in August 2021. The PIA subjects upstream oil production to Corporate Income Tax (CIT) and a new Hydrocarbon Tax (HCT) instead of Petroleum Profits Tax (PPT).

(b) Deferred tax

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior year:

Year ended 31 December	Fixed assets US$'000	Unrealised FX gain US$'000	Tax losses US$'000	Decommissioning assets/liabilities US$'000	Other provisions US$'000	Total US$'000
Balance at 1 January 2022	147,299	(9,409)	89,016	—	(3,092)	223,814
Adjustments in respect of prior years	(242)	—	(24)	—	(108)	(374)
Acquired on acquisition of subsidiaries	(16,625)	1,193	—	—	2,734	(12,698)
Credit/(expense) to profit or loss	(6,263)	4,251	(6,210)	—	4,571	(3,651)
Expense to Other comprehensive income	—	—	—	—	(33)	(33)
Balance at 31 December 2022	124,169	(3,965)	82,782	—	4,072	207,058
Adjustments in respect of prior years	(1,118)	172	2,878	—	23	1,955
Decomissioning related adjustment	(1,010)	—	—	2,105		1,095
Discontinued operations	15,636	(1,193)	—	—	7,080	21,523
Expense to profit or loss	(13,630)	22,428	(11,119)	1,114	(3,489)	(4,696)
Changes in tax rates	315	(79)	—	—	99	335
Credit to Other comprehensive income	—	—	—	—	48	48
Balance at 31 December 2023	**124,362**	**17,363**	**74,541**	**3,219**	**7,833**	**227,318**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the net deferred tax balances for financial reporting purposes:

Year ended 31 December	2023 US$'000	2022 US$'000
Deferred tax assets	**238,678**	238,555
Deferred tax liabilities	**(11,360)**	(31,496)
Deferred tax assets (net)	**227,318**	207,059

At the statement of financial position date, the Group and the Company have unused tax losses of US$395.4 million and US$86.4 million respectively (2022: Group – US$380.6 million; Company – US$56.9 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$238.4 million (2022: US$274.4 million) on the basis of the forecast profits for each entity. No deferred tax asset has been recognised in respect of the Group's remaining US$157 million (2022: US$106.2 million) of losses. No deferred tax asset was recognised by the Company (2022: US$nil). Losses may be carried forward indefinitely.

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14. Taxation continued

(b) Deferred tax continued

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.

Year ended 31 December	2023 US$'000	2022 US$'000
Fixed assets	111,223	124,354
Unrealised foreign exchange gain/(loss)	14,509	(2,934)
Tax losses	65,416	72,237
Other provisions	2,462	4,054
Decommissioning assets/liabilities	11,242	—
Total deferred tax assets	**204,852**	197,711

15. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit or loss for year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. In the current year, there is a loss attributable to the owners of the Company – from continuing operations, such that the diluted weighted average number of shares reduces the loss per share. Therefore, the basic weighted average number of shares was used to calculate the diluted loss per share.

The weighted average number of shares outstanding excludes treasury shares of 99,858,893 (2022: 99,858,893).

Year ended 31 December	2023 US$'000	2022 US$'000
Loss after tax from continuing operations		
Loss attributable to owners of the Company	(74,185)	(55,675)

The comparative notes have been restated. Refer to Note 34 for more details.

Year ended 31 December	2023 Number of shares	2022 Number of shares
Basic weighted average number of shares	1,216,577,609	1,202,714,329
Add: employee share options and warrants	60,420,729	60,012,622
Diluted weighted average number of shares	1,276,998,338	1,262,726,951

	2023 US$	2022 US$
Loss per share from continuing operations		
Basic	(0.06)	(0.04)
Diluted	(0.06)	(0.04)

The comparative notes have been restated. Refer to Note 34 for more details.

23,853,457 options granted under share option schemes are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 31 December 2023 (2022: 23,853,457). These options could potentially dilute basic earnings per share in the future.

To calculate the EPS inclusive of discontinued operations (Note 34), the weighted average number of ordinary shares for both the basic and diluted EPS is as per the table above. The following table provides the profit/(loss) amount inclusive of discontinued activities:

Year ended 31 December	2023 US$'000	2022 US$'000
Profit/(loss) including discontinued operations		
Profit/(loss) attributable to owners of the Company	14,855	(61,334)

	2023 US$	2022 US$
Loss per share including discontinued operations		
Basic	0.01	(0.05)
Diluted	0.01	(0.05)

16. Property, plant and equipment

Group

	Oil and gas assets US$'000	Infrastructure assets US$'000	Other assets US$'000	Total US$'000
Cost				
Balance at 1 January 2022	197,768	446,128	4,924	648,820
Additions	896	1,068	478	2,442
Transfer to Intangible assets	—	—	(390)	(390)
Recognised on acquisition of subsidiary (Note 33)	121,672	—	—	121,672
Decommissioning remeasurement adjustment (Note 30)	(5,162)	(24,856)	—	(30,018)
Balance at 31 December 2022	315,174	422,340	5,012	742,526
Additions	296	9,525	456	10,277
Disposals	—	—	(250)	(250)
Decommissioning remeasurement adjustment (Note 30)	(287)	(1,699)	—	(1,986)
Transferred to discontinued operations (Note 34)	(121,558)	—	—	(121,558)
Balance at 31 December 2023	**193,625**	**430,166**	**5,218**	**629,009**
Accumulated depreciation				
Balance at 1 January 2022	(37,069)	(40,891)	(2,659)	(80,619)
Transfer to Intangible assets	—	—	231	231
Depletion and depreciation charge	(22,176)	(16,227)	(617)	(39,020)
Balance at 31 December 2022	(59,245)	(57,118)	(3,045)	(119,408)
Depletion and depreciation charge	(20,097)	(14,722)	(504)	(35,323)
Disposals	—	—	250	250
Transferred to discontinued operations (Note 34)	1,616	—	—	1,616
Balance at 31 December 2023	**(77,726)**	**(71,840)**	**(3,299)**	**(152,865)**
Net book value				
Balance as at 1 January 2022	160,699	405,237	2,265	568,201
Balance as at 31 December 2022	255,929	365,222	1,967	623,118
Balance as at 31 December 2023	**115,899**	**358,326**	**1,919**	**476,144**

As at 31 December 2023, 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. During 2022, the amounts recorded within Recognised on acquisition of subsidiary related to the Chad Assets. Following the Nationalisation of the Chad Assets, the relevant Oil and gas assets were transferred to discontinued operations (Note 34). 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 IT equipment and building improvements.

Each year, Management performs a review of each CGU to identify potential impairment triggers. During 2023 and 2022, no such triggers were identified with respect to continuing operations.

Decommissioning remeasurement adjustments reflect updated cost estimates for the year. The new asset values will be depreciated over the remaining life of the respective assets. During 2022, the Group undertook a more detailed technical assessment of the decommissioning provision cost estimates using an independent specialist consultant.

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17. Intangible assets

Group

Intangible assets includes both exploration and evaluation assets (E&E assets) and Other intangibles, mainly IT software related costs.

E&E 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 R1234 licence area in the Republic of Niger, under a Production Sharing Contract.

	E&E assets US$'000	Other intangibles US$'000	Total US$'000
Balance at 1 January 2022	161,343	—	161,343
Transfer from Property, plant & equipment – Other assets	—	390	390
Recognition of decommissioning asset (Note 30)	1,622	—	1,622
Additions	5,818	14,629	20,447
Balance at 31 December 2022	168,783	15,019	183,802
Decommissioning remeasurement adjustment	(87)	—	(87)
Additions	2,472	944	3,416
Transfer to discontinued operations	—	(9,608)	(9,608)
Balance at 31 December 2023	**171,168**	**6,355**	**177,523**
Accumulated depreciation			
Balance at 1 January 2022	—	—	—
Transfer from Property, plant & equipment – Other assets	—	(231)	(231)
Amortisation charge	—	(558)	(558)
Balance at 31 December 2022	—	(789)	(789)
Amortisation charge	—	(2,027)	(2,027)
Balance at 31 December 2023	**—**	**(2,816)**	**(2,816)**
Net book value			
Balance at 1 January 2022	161,343	—	161,343
Balance at 31 December 2022	168,783	14,230	183,013
Balance at 31 December 2023	**171,168**	**3,539**	**174,707**

The amount for E&E assets represents active exploration projects. These will ultimately be written off to the consolidated statement of comprehensive income as exploration costs if commercial reserves are not established but are carried forward in the consolidated statement of financial position whilst the determination process is not yet completed and there are no indications of impairment having regard to the indicators in IFRS 6. Included within these assets are intangible assets such as drilling costs, seismic data and capitalised overheads which amount to US$167.0 million (2022: US$165.0 million). The Other intangible assets are the costs that the Group has incurred with respect to its ERP software. The transfer to discontinued operations relates to the impairment of the Chad Assets, refer to Note 34 for more detail.

18. Equity investments

(a) Investments in associates

The Group held investments in two midstream pipeline entities in Chad and Cameroon used for the transportation of oil to the global market from oil fields in Chad. As reported in Note 2, the Chad Assets including TOTCo, were Nationalised in March 2023 and the carrying value at the date of Nationalisation were fully impaired. Also as reported in Note 2, due to an ongoing shareholder dispute, management has derecognised COTCo as an associate and recognised a Financial investment and accounted for it in accordance with IFRS 9.

Name	Principal place of business	**31 December 2023 Group shareholding**	31 December 2022 Group shareholding
COTCo	Cameroon	**41.06%**	41.06%
TOTCo	Chad	**—**	40.19%

In April 2023, an agreement was signed with SNH, regarding the sale of a 10% shareholding in COTCo for a cash payment of US$44.9 million, as set out below. There are conditions remaining to the completion of the sale however, under the terms of the sale agreement SNH is entitled to the economic benefit of the 10% shareholding from the date of payment for the shares. Therefore, in accordance with IAS 28 – Investment in Associates, this has been recognised as a disposal for reporting purposes and results in the Group's shareholding that derive and economic benefit reducing from 41.06% (as at 31 December 2022) to 31.06% (as of 31 December 2023). However, until the sale is completed, the Group continues to own a 41.06% shareholding.

	US$'000
Consideration	44,900
Share of carrying value at disposal	(45,720)
Loss on disposal (Note 12)	(820)

18. Equity investments continued

(a) Investments in associates continued

Movement in Investment in associates

The following table shows the movements in Investments in associates during the year:

	TOTCo US$'000	COTCo US$'000
Balance at 1 January 2022	—	—
Acquired investment at fair value	5,020	183,265
Share of (loss)/profit	(95)	160
Balance at 31 December 2022	4,925	183,425
Share of profit	575	4,400
Transfer to discontinued operations (Note 34)	(5,500)	—
Share of carrying value at disposal	—	(45,720)
Derecognition as an investment in associate	—	(142,105)
Balance at 31 December 2023	**—**	**—**

(b) Financial investment

The following table shows the movements in Financial investments during the year:

	US$'000
Balance at 31 December 2022	—
Recognition as a financial investment	142,105
Fair value adjustment (Note 12)	(2,646)
Balance at 31 December 2023	**139,459**

Following the recognition of the equity interest in COTCo as a Financial investment the carrying value of the remaining investment in COTCo was assessed against the market value (level 2), as determined by using the SNH sale agreement described in Note 18(a). This resulted in a FVTPL charge of US$2.6 million (Note 12). Any subsequent changes in the fair value at the measurement date are recorded as FVTPL.

19. Right-of-use assets

Group

The Group has lease contracts for buildings used in its operations. These leases generally have terms of between five and ten years. The Group also has certain leases of assets with lease terms of 12 months or less and leases of low-value office equipment which are immaterial for the Group and not disclosed. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases. Set out below are the carrying amounts of the right-of-use assets and the movements during the year:

	2023 US$'000	2022 US$'000
As at 1 January	**3,658**	4,724
Additions	**4**	—
Less: depreciation	**(1,014)**	(1,066)
As at 31 December	**2,648**	3,658

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 US$'000	2022 US$'000
As at 1 January	**5,079**	6,783
Accretion of interest	**259**	367
Payments	**(939)**	(1,474)
Changes in working capital	**225**	(17)
Translation effect	**172**	(580)
As at 31 December	**4,796**	5,079

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19. Right-of-use assets continued

Group continued

As at 31 December	2023 US$'000	2022 US$'000
Current	**2,798**	1,626
Non-current	**1,998**	3,453
Lease liabilities (Note 38)	**4,796**	5,079

The maturity analysis of lease liabilities is disclosed in Note 35. Short-term lease commitments excluded under IFRS 16 amount to US$50,000 (2022: US$121,000) at year end.

The following are the amounts recognised in the consolidated statement of comprehensive income:

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Depreciation expense for right-of-use assets	**1,014**	1,066
Interest expense on lease liabilities	**259**	367
Expenses relating to low-value leases	**9**	128
Expenses relating to short-term leases	**75**	100
	1,357	1,661

Company

The Company has lease contracts for office buildings used in its operations. These leases have remaining terms of less than five years. The Company also has certain leases of assets with lease terms of 12 months or less and leases of low value office equipment which are immaterial for the Company and not disclosed. The Company applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of the right-of-use assets and the movements during the year:

	2023 US$'000	2022 US$'000
As at 1 January	**2,037**	2,493
Less: depreciation	**(404)**	(456)
As at 31 December	**1,633**	2,037

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 US$'000	2022 US$'000
As at 1 January	**3,489**	4,565
Accretion of interest	**146**	195
Payments	**(939)**	(667)
Changes in working capital	**225**	(23)
Translation effect	**173**	(581)
As at 31 December	**3,094**	3,489

As at 31 December	2023 US$'000	2022 US$'000
Current	**1,096**	871
Non-current	**1,998**	2,618
Lease liabilities (Note 38)	**3,094**	3,489

The maturity analysis of lease liabilities is disclosed in Note 35. Short-term lease commitments excluded under IFRS 16 amount to US$nil (2022: US$nil) at year end.

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Depreciation expense for right-of-use assets	**404**	456
Interest expense on lease liabilities	**146**	195
Expenses relating to low-value leases	**9**	128
	559	779

20. Other non-current receivables

As at 31 December	**Group 2023 US$'000**	**Company 2023 US$'000**	Group 2022 US$'000	Group 2022 US$'000
Loans and advances	**9,712**	**—**	6,507	—
Finance lease receivable	**167**	**167**	525	525
	9,879	**167**	7,032	525

During 2022, the Group acquired and sold a 25% shareholding in Fenikso Limited. A gain on disposal of US$7.4 million was recognised within the consolidated statement of comprehensive income. The Group sold its shareholding in return for a loan receivable amounting to US$16.3 million. This receivable is non-interest bearing and has been discounted using an effective interest rate of 15.20%. The receivable will be repaid from future oil liftings from the counterparty and is secured against the assets of Fenikso Limited.

During 2023, the Group made an advance to the minority shareholder of the Company's subsidiary, Savannah Energy Uquo Limited. The advance carries no interest and is intended to be ultimately be settled by declaration of dividends by the subsidiary. As at 31 December 2023 the amortised balance was US$3.8 million (2022: US$ nil).

The Company is an intermediate lessor of an office building and accounts for the head lease and the sub-lease as two separate contracts. The head lease has been accounted for as a lease liability while the sub-lease is recorded as a finance lease receivable.

21. Investment in subsidiaries

Company

As at 31 December	**2023 US$'000**	2022 US$'000
Savannah Energy 1 Limited	**9,026**	9,026
Savannah Energy and Technologies Innovation Limited	**—**	—
Savannah Energy International Limited	**—**	—
Savannah Energy SAS	**189**	17
Savannah Energy Nigeria Limited	**—**	—
Savannah Energy Nigeria Midstream Limited	**16**	16
Savannah Energy Chad Limited	**—**	—
Savannah Energy UK Limited	**3,994**	—
Savannah Energy E&P Limited	**—**	—
Savannah Energy Investments Limited	**—**	—
Savannah Energy RN Limited	**—**	—
Savannah Energy RT Limited	**—**	—
Savannah Energy RC Limited	**—**	—
Savannah Energy RCM Limited	**—**	—
Savannah Energy WN Limited	**—**	—
Savannah Energy Finance Limited	**—**	—
Savannah Energy SC Limited	**—**	—
Savannah Energy RTH Limited	**—**	—
SESS Power Limited	**—**	—
Savannah Energy Niger Solar Limited	**—**	—
SEGSS Limited	**—**	—
	13,225	9,059
Capital contributions related to share-based compensation	**1,523**	931
Fair value of loan guarantees provided	**3,949**	3,419
	18,697	13,409

All investments in subsidiaries listed above are directly held. The Company recognises an increase in the investments of its subsidiaries as a capital contribution from the parent and a corresponding increase in equity relating to employee share-based payments. The Company does the same for other subsidiaries within the Group of which it holds an indirect investment. During the year there was a share-based payment charge of US$4.5 million (2022: US$1.3 million), of which US$4.2 million (2022: US$912,000) relates to employees employed by subsidiaries directly held by the Company and US$551,000 (2022: US$356,000) relates to employees employed by other subsidiaries within the Group.

Where the Company provides loan guarantees to its subsidiaries, the initial fair value is recognised as an increase in the Investment in subsidiaries. Following the policy adoption of IFRS 9, the prior year comparative has been restated (note 39).

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for the year ended 31 December 2023

21. Investment in subsidiaries continued

Company continued

The Group subsidiaries as at 31 December 2023 are disclosed below. Transactions between subsidiaries and the Company are eliminated on consolidation.

Name[1]	Nature of business	Registered office	Country of incorporation	Type of share	**2023 Group shareholding**	2022 Group shareholding
Savannah Energy International Limited	Service company	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy Nigeria Limited	Investment company	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy Nigeria Midstream Limited	Investment company	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy (Stubb Creek) Limited[2]	Holding company	A	United Kingdom	Ordinary	**25%**	25%
Accugas Holdings UK Plc	Holding and financing company	A	United Kingdom	Ordinary	**80%**	80%
Savannah Energy (Uquo) Limited	Holding company	A	United Kingdom	Ordinary	**80%**	80%
Accugas UK Limited	Holding company	A	United Kingdom	Ordinary	**80%**	80%
Savannah Energy Chad Limited	Investment company	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy UK Limited	Service company	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy E&P Limited	Investment company	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy Investments Limited	Holding company	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy RN Limited	Renewables	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy RT Limited	Renewables	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy RC Limited	Renewables	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy RCM Limited	Renewables	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy WN Limited	Investment company	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy Finance Limited	Financing company	A	United Kingdom	Ordinary	**100%**	100%
Savannah Energy Niger Solar Limited	Renewables	A	United Kingdom	Ordinary	**100%**	—
Savannah Energy SC Limited	Holding company	A	United Kingdom	Ordinary	**100%**	—
Savannah Energy RTH Limited	Holding company	A	United Kingdom	Ordinary	**100%**	—
Savannah Energy RM Limited	Holding company	A	United Kingdom	Ordinary	**100%**	—
SESS Power Limited	Renewables	A	United Kingdom	Ordinary	**100%**	—
SEGSS Limited	Renewables	A	United Kingdom	Ordinary	**100%**	—
Kayes Holding BV	Holding company	A	Netherlands	Ordinary	**70%**	—
Eole Mali SAS	Renewables	L	Mali	Ordinary	**70%**	—
Savannah Energy 1 Limited	Holding and service company	B	United Kingdom	Ordinary	**100%**	100%
Savannah Energy 2 Limited	Holding company	B	United Kingdom	Ordinary	**95%**	95%
Savannah Energy (Uquo) Jersey Limited	Holding company	C	Jersey	Ordinary	**100%**	100%
Stubb Creek Holdco Limited	Holding company	C	Jersey	Ordinary	**25%**	25%
Savannah Energy 2022 Trust	Employee trust	D	Jersey	Ordinary	**100%**	100%
Savannah Energy SAS	Service company	E	France	Ordinary	**100%**	100%
Savannah Energy Niger SA	Oil exploration company	F	Niger	Ordinary	**95%**	95%
Exoro Holding B.V.	Holding company	G	Netherlands	Ordinary	**80%**	80%
Savannah Energy (BVI) Limited	Holding company	H	British Virgin Islands	Ordinary	**80%**	80%
Savannah Energy and Technologies Innovation Limited	Service company	I	Nigeria	Ordinary	**100%**	100%
Savannah Energy Uquo Gas Limited	Oil and gas exploration and development	I	Nigeria	Ordinary	**80%**	80%
Accugas Limited	Gas marketing, processing and distribution	I	Nigeria	Ordinary	**80%**	80%
Accugas Funding 1 SPV PLC	Finance company	I	Nigeria	Ordinary	**80%**	80%
Universal Energy Resources Limited	Oil and gas exploration and development	J	Nigeria	Ordinary	**25%**	25%
Savannah Chad Inc.	Oil exploration and development	K	The Bahamas	Ordinary	**100%**	100%
Savannah Midstream Investment Limited	Holding company	K	The Bahamas	Ordinary	**100%**	100%

1. The Group shareholding is the effective shareholding in the entities held directly or indirectly.
2. Savannah Energy (Stubb Creek) Limited is 75% owned by STC Joint Venture Limited, a Nigerian entity, (which also indirectly owns 75% Stubb Creek Holdco Limited and Universal Energy Resources Limited). 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 Group has no direct or indirect interest in STC Joint Venture Limited and does not control its activities.

21. Investment in subsidiaries continued

Company continued

Registered office addresses:

A 40 Bank Street, London E14 5NR.

B 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ.

C 11 Bath Street, St. Helier, Jersey JE4 8UT.

D First Floor La Chasse Chambers Ten La Chasse, St Helier, Jersey JE2 4UE.

E 3-5 Rue Saint Georges 75009, Paris, France.

F 124 Rue des Ambassades, AM-8 BP 11272, Niamey, Niger.

G Fascinatio Boulevard 350, Rotterdam 3065wb, Netherlands.

H Harneys Fiduciary, Craigmuir Chambers, Road Town, Tortola VG 1110, British Virgin Islands .

I The Wings Complex, 17A Ozumba Mbadiwe Avenue, Victoria Island, Eti-Osa, Lagos, Nigeria.

J NAIC House, Udo Udoma Avenue, Uyo, Akwa Ibom State, Nigeria.

K Higgs & Johnson Ocean Centre, Montagu Foreshore, PO BOX N3247, Nassau, Bahamas.

L Hamdallaye ACI 2000, RUE 408, Porte 185, Bamako, Mali.

22. Inventory

As at 31 December	**2023 US$'000**	2022 US$'000
Spare parts	**5,605**	21,189
Crude oil and condensates	**1,538**	19,185
	7,143	40,374

As at 31 December 2023, spare parts and crude oil and condensates are for both the oil and gas operations in Nigeria only. During the year, the amount of inventory recognised as a credit in Cost of Sales within the consolidated statement of comprehensive income of US$1.2 million (2022: charge of US$0.6 million). Other major movements relate to inventory from the Chad Assets being reclaissified to discontinued operations (Note 34).

23. Trade and other receivables

As at 31 December	**Group 2023 US$'000**	**Company 2023 US$'000**	Group 2022 US$'000	Company 2022 US$'000
Trade receivables (Note 35(e))	**389,911**	**—**	244,288	—
Receivables from a joint arrangement	**5,388**	**—**	8,673	—
Other financial assets (Note 35(a))	**5,829**	**75**	11,518	123
	401,128	**75**	264,479	123
Expected credit loss (Note 35(e))	**(53,487)**	**—**	(68,840)	—
	347,641	**75**	195,639	123
VAT receivables	**1,100**	**375**	1,385	770
Loans and advances	**2,093**	**16**	2,194	—
Prepayments and other receivables	**20,023**	**10,933**	40,128	26,660
	370,857	**11,399**	239,346	27,553

The following has been recognised in the consolidated statement of comprehensive income relating to expected credit losses:

Year ended 31 December	**Group 2023 US$'000**	Group 2022 US$'000
Reversal/(charge) for expected credit loss	**15,353**	(39,495)
Gain on acquired credit impaired assets	**1,350**	—
Expected credit loss and other related adjustments	**16,703**	(39,495)

Movements in the expected credit loss provision reflects the latest estimate of expected losses and/or reversals, where applicable, on outstanding trade receivable balances and other financial assets. For trade receivables, It takes into account revisions to loss rates using the simplified approach, and where the general approach is used, changes in probabilities of default, loss given default and other forward looking macro-economic data.

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23. Trade and other receivables continued

Set out below is the movement in the allowance for expected credit loss on trade and other receivables (Note 35(e)):

	Group 2023 US$'000	Group 2022 US$'000
As at 1 January	68,840	29,345
Provision for expected credit (reversal)/loss	(15,353)	39,495
As at 31 December	53,487	68,840

The amounts due from joint arrangements reflect normal operations between the joint arrangement parties. Included within Prepayments and other receivables is a deposit amounting to US$10.0 million (2022: US$10.0 million) for the Group's proposed acquisition of the South Sudan Assets. The balance principally relates to fees incurred asssociated with debt facilities which have yet to be finalised as at the year end (2022: US$21.1 million). Details of the Loans and advances are discussed in Note 20.

24. Cash at bank

As at 31 December	Group 2023 US$'000	Company 2023 US$'000	Group 2022 US$'000	Company 2022 US$'000
Cash and cash equivalents	48,134	2,513	104,147	5,610
Amounts held for debt service	58,807	—	136,741	—
	106,941	2,513	240,888	5,610

The Directors consider that the carrying amount of cash at bank approximates their fair value.

Cash and cash equivalents includes US$0.3 million (2022: US$1.2 million) of cash collateral on the Orabank revolving facility held by the Group's Nigerien entity. The cash collateral was at a value of XOF210.0 million (2022: XOF750.9 million).

Amounts held for debt service represents Naira denominated cash balances which are held by the Group for 2020–2023 debt service which has been separately disclosed from Cash and cash equivalents. The amount of cash at bank denominated in currencies other than US Dollars is shown in note 35 to these financial statements.

25. Capital and reserves

Group and Company

As at 31 December	2023	2022
Authorised and fully paid ordinary shares in issue (number)	1,312,194,545	1,306,098,819
Par value per share in GBP	0.001	0.001

	Number of shares	Share capital US$'000	Share premium US$'000	Shares to be issued US$'000	Total US$'000
At 1 January 2022	996,408,412	1,409	61,204	63,956	126,569
Shares issued	309,690,407	419	63,615	(63,956)	78
At 31 December 2022	1,306,098,819	1,828	124,819	—	126,647
Shares issued	6,095,726	8	2,005	—	2,013
At 31 December 2023	1,312,194,545	1,836	126,824	—	128,660

During the year 6,095,726 shares at 26.25 pence were issued. During 2021, the Company signed placing agreements with shareholders to issue 309,690,407 shares at 19.35 pence per share. These shares were issued in January 2022.

25. Capital and reserves continued

Group

	Treasury shares US$'000	Other reserves US$'000	Share-based payment reserve US$'000	Total US$'000
At 1 January 2022	(58)	458	8,706	9,106
Shares issued	(78)	—	—	(78)
Sale of treasury shares	—	73	—	73
Share-based payments expense during the year	—	—	1,268	1,268
At 31 December 2022	(136)	531	9,974	10,369
Share-based payments expense during the year	—	—	4,743	4,743
At 31 December 2023	**(136)**	**531**	**14,717**	**15,112**

Nature and purpose of reserves

Treasury shares

In December 2017, the Company established the EBT to facilitate the adoption of certain management and employee incentive schemes. The EBT subscribed for 42,624,837 ordinary shares at a nominal value of £0.001 per share, issued as part of the second tranche equity placing in February 2018. In January 2022, a second trust was established which subscribed for 58,066,951 ordinary shares. The two trusts were combined in 2022 into the Savannah Energy 2022 Trust.

Other reserves

Included within Other reserves is a capital contribution reserve when, on 1 August 2014, a capital contribution of US$458,000 was made by shareholders of the Group as part of a loan note conversion.

Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Further details of share-based payments are discussed in Note 26.

Shares to be issued reserve

The Shares to be issued reserve represents inflows, net of expenses, to be received by the Company in relation to ordinary shares contractually obliged to be issued by the Company which, at the statement of financial position date, are yet to be issued. An amount was recognised in 2021 following the Company signing placing agreements to issue shares. These shares were issued in January 2022.

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.

Company

	Other reserves US$'000	Share-based payment reserve US$'000	Total US$'000
At 1 January 2022	458	8,706	9,164
Share-based payments expense during the year	—	1,268	1,268
At 31 December 2022	458	9,974	10,432
Share-based payments expense during the year	—	4,743	4,743
At 31 December 2023	**458**	**14,717**	**15,175**

Nature and purpose of reserves

Other reserves and share-based payment reserve are described as above.

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26. Share-based payments

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Equity-settled share-based payments	**4,743**	1,268

The Group operates four equity-settled share-based remuneration schemes: the 2014/2015 Replacement Plan; the Employee Plan 2018; the Officers Plan 2020; and the Employee Plan 2021. The 2014/2015 Replacement Plan options vest when the share price exceeds 42 pence; the Employee Plan 2018 options begin to vest on a straight line basis when the 30-day volume weighted average price of the Company's share price during a five year exceeds 47 pence, with 100% vesting reaching 68 pence. The Officers Plan 2020 has no vesting conditions, and the Employee Plan 2021 will vest on a straight-line basis over a five-year period, with no market conditions.

During 2022, the 2014 LTIP and 2015 Supplemental Plan were cancelled, and replacement options were granted under the 2014/2015 Replacement Plan. Additionally, certain employees had their options cancelled under the Employee Plan 2018 (another previous scheme) and replacement options granted under the Employee Plan 2021. These changes were considered modifications under IFRS 2. The 2014 LTIP and 2015 Supplemental Plan was modified by reducing the hurdle price at which the options vest, from £1.42 and £1.14, respectively, to £0.42. The lapse date has also been extended from 2024 to 2032. The employees that have moved from the Employee Plan 2018 to the Employee Plan 2021 have transferred so that the shares no longer have a market vesting condition and now vest equally over a five-year period. The lapse date was also been extended from 2031 to 2032. The incremental value of the 2014/2015 Replacement Plan was US$5.3 million; the incremental value of the Employee Plan 2021 was US$746,000. 23,853,457 share options were modified into the 2014/2015 Replacement Plan and 2,131,242 share options were modified into the Employee Plan 2021.

The following table summarises the movements during the period in outstanding options:

	2023		2022	
	Weighted average exercise price	Number	Weighted average exercise price	Number
Outstanding at 1 January	**0.12**	**75,428,330**	0.16	55,751,999
Granted during the year	**—**	**4,531,551**	—	22,886,572
Forfeited during the year	**—**	**(942,001)**	0.09	(3,210,241)
Outstanding at 31 December	**0.11**	**79,017,880**	0.12	75,428,330

The range of the exercise prices of the outstanding options as at 31 December 2023 is £nil and £0.38 with a weighted average of £0.11.

The following table summarises the charge during the year:

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Charge on outstanding options	**4,793**	1,506
Reversal of charge for options forfeited	**(50)**	(238)
	4,743	1,268

The options with market conditions were valued on the grant date using a Monte Carlo option pricing model, while the time-based options were valued on the grant date using a Black-Scholes model. The fair value of the option is amortised over the expected vesting period. There is no requirement to revalue the option at any subsequent date.

The following table lists the inputs to the model used to determine the fair value of the options granted for each scheme:

	2014/2015 Replacement Plan	Employee Plan 2018	Officers Plan 2020	Employee Plan 2021
Pricing model used	Monte Carlo	Monte Carlo	Monte Carlo	Black-Scholes
Grant date	29-Apr-22	30-Apr-20	30-Apr-20	Various
Weighted average share price at grant date (GBP)	0.35	0.08	0.08	0.26
Weighted average exercise price (GBP)	0.38	0.001	0.001	—
Weighted average contractual life (years)	10	5	5	10
Share price volatility (%)	53.52	50	50	—
Dividend yield (%)	—	—	—	—
Risk-free interest rate (%)	1.919	0.086	0.086	—

The share-price volatility for the 2014/2015 Replacement Plan was determined using the Group's share price over the expected life of the option. This is in comparison to the Employee Plan 2018 and Officers Plan 2020 which was determined by reference to historical prices of the following comparator group companies: Tullow Oil Plc, Bowleven PLC, President Energy Plc, Sound Energy Plc, and Ascent Resources Plc.

The Employee Plan 2021 has no market vesting conditions and a nil dividend yield assumption and therefore the fair value of the options granted is the share price at the date of grant.

27. Non-controlling interests

	2023 US$'000	2022 US$'000
Balance at 1 January	11,116	13,842
Share of loss	(1,846)	(2,740)
Share of Other comprehensive income	(11)	14
Balance at 31 December	9,259	11,116

Other than where disclosed, no ownership changes occurred in 2023 or 2022.

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name	Proportion of ownership interests and voting rights held by non-controlling interests	Total comprehensive (loss)/profit allocated to non-controlling interests in year ended 31 December 2023 US$'000	Accumulated non-controlling interests US$'000
Kayes Holdings BV and its subsidiary	30%	—	—
Savannah Energy 2 Limited and its subsidiaries	5%	(347)	(1,319)
Savannah Energy (Uquo) Limited and its subsidiaries	20%	8,066	39,137
Accugas Holdings UK Plc and its subsidiaries	20%	(9,575)	(28,559)
Total		(1,856)	9,259

Name	Proportion of ownership interests and voting rights held by non-controlling interests	Total comprehensive (loss)/profit allocated to non-controlling interests in year ended 31 December 2022 US$'000	Accumulated non-controlling interests US$'000
Savannah Energy 2 Limited and its subsidiaries	5%	(251)	(972)
Savannah Energy (Uquo) Limited and its subsidiaries	20%	8,715	31,071
Accugas Holdings UK Plc and its subsidiaries	20%	(11,191)	(18,984)
Total		(2,727)	11,116

Summarised financial statements in respect of each of the Group's subsidiaries that has material non-controlling interests are set out below. The summarised financial statements below represent amounts before intra-group eliminations.

As at 31 December 2023	Savannah Energy 2 Limited and its subsidiaries US$'000	Savannah Energy (Uquo) Limited and its subsidiaries US$'000	Accugas Holdings UK Plc and its subsidiaries US$'000
Current assets	162,183	428,169	1,196,613
Non-current assets	172,594	248,867	753,426
Current liabilities	(426,594)	(346,788)	(1,700,879)
Non-current liabilities	(1,600)	(257,939)	(729,180)
	(93,417)	72,309	(480,020)
Equity attributable to owners of the Company	(92,098)	33,172	(451,661)
Non-controlling interests	(1,319)	39,137	(28,559)
	(93,417)	72,309	(480,220)

Year ended 31 December 2023	Savannah Energy 2 Limited and its subsidiaries US$'000	Savannah Energy (Uquo) Limited and its subsidiaries US$'000	Accugas Holdings UK Plc and its subsidiaries US$'000
Attributable to owners of the Company	(6,588)	25,483	(38,300)
Attributable to the non-controlling interest	(347)	8,066	(9,575)
Total comprehensive (loss)/profit	(6,935)	33,549	(47,875)
Net cash inflow from operating activities	3,038	36,241	(16,529)
Net cash outflow from investing activities	(2,038)	(3,935)	(18,345)
Net cash outflow from financing activities	(2,003)	(55,942)	(70,448)
Net cash outflow	(1,003)	(23,636)	(105,322)

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27. Non-controlling interests continued

As at 31 December 2022	Savannah Energy 2 Limited and its subsidiaries US$'000	Savannah Energy (Uquo) Limited and its subsidiaries US$'000	Accugas Holdings UK Plc and its subsidiaries US$'000
Current assets	162,987	357,277	1,117,552
Non-current assets	170,422	260,889	727,287
Non-current liabilities	(418,763)	(342,759)	(1,586,966)
Current liabilities	(1,622)	(233,801)	(690,142)
	(86,976)	41,606	(432,269)
Equity attributable to owners of the Company	(86,004)	10,535	(413,285)
Non-controlling interests	(972)	31,071	(18,984)
	(86,976)	41,606	(432,269)

Year ended 31 December 2022	Savannah Energy 2 Limited and its subsidiaries US$'000	Savannah Energy (Uquo) Limited and its subsidiaries US$'000	Accugas Holdings UK Plc and its subsidiaries US$'000
Attributable to owners of the Company	(4,770)	34,862	(44,762)
Attributable to the non-controlling interest	(251)	8,715	(11,191)
Total comprehensive (loss)/profit	(5,021)	43,577	(55,953)
Net cash (outflow)/inflow from operating activities	(511)	51,767	70,988
Net cash outflow from investing activities	(1,429)	(9,817)	(1,576)
Net cash inflow/(outflow) from financing activities	5,087	(26,826)	(51,228)
Net cash inflow	3,147	15,124	18,184

28. Trade and other payables

As at 31 December	**Group 2023 US$'000**	**Company 2023 US$'000**	Group 2022 US$'000	Company 2022 US$'000
Trade and other payables				
Trade payables	**26,461**	**5,380**	159,068	2,684
Accruals	**29,273**	**9,321**	50,045	10,629
VAT and WHT payable	**16,601**	**—**	16,229	69
Royalty and levies	**6,815**	**—**	5,542	—
Employee benefits	**35**	**—**	71	—
Contingent consideration	**—**	**—**	14,680	—
Financial liability (FVTPL)	**19,328**	**19,328**	19,739	19,739
Loan guarantees	**—**	**368**	—	—
Other payables	**9,487**	**1,289**	14,074	3,663
Trade and other payables	**108,000**	**35,686**	279,448	36,784
Other payables – non-current				
Loan guarantees	**—**	**2,643**	—	3,419
Employee benefits	**2,030**	**—**	7,712	—
Other payables – non-current	**2,030**	**2,643**	7,712	3,419
	110,030	**38,329**	287,160	40,203

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The Financial liability relates to a warrant instrument issued to the LCP4L as part of providing debt funding to the Group. On 24 January 2022, 101,113,992 warrants. They have a 90-month term and an exercise price of 23.5 pence. There are no additional conditions attached to this instrument. The warrant is defined as a financial liability as does not meet the definition of an equity instrument and is valued at FVTPL with the changes in the fair value being recognised in the consolidated statement of comprehensive income. The warrant was initially valued using a European option pricing model. The key inputs to remasure the fair value at the reporting date included: the Company's share price volatility of 57.01%; the expected term of 5.57 years; a risk free rate of 3.305% on UK government bonds; and a nil dividend yield.

Following the policy adoption of IFRS 9, where the Company has issued loan guarantees in support of its subsidiary borrowing requirements, the loan guarantee liability is initially measured at its fair value based on the deemed benefit it has provided to its subsidiary, using country default spreads. This is a level 3 fair value measurement. Subsequent measurement is based on the higher of the initial fair value less any amortisation income earned and any ECL estimated in accordance with IFRS 9's general approach. This includes an assessment of probabilities of default, loss given defaults, range credit ratings and weighted depending on certain probability outcomes.For the non-current loan guarantee depending on the assumptions, the subsequent ECL assessment resulted in a range of between US$0.6 million to US$4.1 million.

In 2023, the balance of the contingent consideration relating to the acquisition of the Chad Assets, measured at fair value, was valued to nil following Nationalisation of the Chad Assets and resulted in a gain of US$9.2 million (Note 34).

29. Borrowings

As at 31 December	Group 2023 US$'000	Company 2023 US$'000	Group 2022 US$'000	Company 2022 US$'000
Revolving credit facility	**11,376**	**—**	11,223	—
Bank loans	**345,849**	**—**	367,249	—
Senior Secured Notes	**86,626**	**—**	91,383	—
Other loans	**136,817**	**2,926**	175,934	—
	580,668	**2,926**	645,789	—

As at 31 December	Group 2023 US$'000	Company 2023 US$'000	Group 2022 US$'000	Company 2022 US$'000
Current borrowings	**367,199**	**2,926**	543,397	—
Non-current borrowings	**213,469**	**—**	102,392	—
	580,668	**2,926**	645,789	—

Accugas Limited has a bank loan facility amounting to US$342.4 million (2022: US$359.1 million) with a final maturity date of 31 December 2025. Principal repayment amounts are calculated as a variable percentage of the facility outstanding. This facility incorporates a cash sweep to accelerate repayments subject to certain minimum cash balances. The facility carries a weighted average interest rate of 10.49%, plus three-month US SOFR per annum. The facility is secured against the shares and assets of Accugas Limited. Amounts are being held to service this facility, refer to Note 24 for more details. Note 2 sets out the position of the loan refinancing and as Accugas did not have a long-dated extension for delaying conversion of Naira to US Dollars at 31 December 2023 beyond 2024, the balance of the US$ Accugas Facility has been reflected as a current borrowing. On completion of the Transitional Facility in January 2024, this requirement has been waived and the Accugas US$ Facility can now be disclosed between current and non-current borrowings at future reporting dates based on contractual amortisation profile.

Savannah Energy Uquo Gas Limited (SEUGL) has a Senior Secured Note of US$62.4 million (2022: US$71.4 million). Repayments are due semi-annually with a final maturity date of 31 December 2026. This note carries a coupon of 8% per annum. SEUGL also has a term facility amounting to NGN3.18 billion (US$3.5 million; 2022: NGN3.54 billion, US$8.4 million). Repayments of principal in the amount of NGN180.0 million (US$0.4 million) are due semi-annually until the final maturity date of 31 December 2026 at which time all remaining unpaid principal is due. The loan carries an interest rate of three-month NIBOR plus margin of 5% per annum. Both of these facilities are secured against the shares and assets of Savannah Energy Nigeria Limited (a subsidiary of the Company) and its subsidiaries.

Accugas Holdings UK Plc has a promissory note of US$14.7 million (2022: US$13.9 million). Repayments of principal are due semi-annually until the final maturity date of 31 December 2025.. The note carries a cash interest rate of 8% per annum, with a payment-in-kind interest option of 10% per annum. The payment-in-kind interest option was exercised in both 2023 and 2022.

Accugas Holdings UK Plc also issued a Senior Secured Note of US$20 million repayable in full by 14 November 2025. The loan carries a cash interest rate of 6% per annum, with a payment-in-kind interest option of 8% per annum. The payment-in-kind interest option was exercised in 2023 and in 2022. 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. 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 note balance has increased due to accretion of interest and the utilisation of the payment-in-kind option with a balance of US$26.2 million at 31 December 2023 (2022: US$23.7 million). The call option value was estimated using a Monte Carlo simulation, adjusting future payments for additional principal following a utilisation of the payment-in-kind interest option and cash repayments required for early exercise. The value of the option was remeasured to an estimated US$1.9 million (2022: US$2.8 million) with the movement recognised as FVTPL. The option has been recorded within Non-current borrowings and is set out in Note 35(a). Both facilities held by Accugas Holdings UK Plc are secured against the shares and assets of Accugas Holdings UK Plc and Accugas UK Limited and the shares of Exoro Holding B.V., all of which are subsidiaries of the Company.

Savannah Energy Niger SA has a XOF6.75 billion, unsecured revolving credit facility with Orabank SA bearing interest at 9.5% per annum. The balance at 31 December 2023 was XOF6.75 billion (US$11.4 million; 2022: XOF7.5 billion, US$13.2 million). The facility is guaranteed by the Company; this guarantee has been valued under IFRS 9 as a financial liability in the Company's Sattement of Financial Position.

Savannah Energy Finance Limited entered into a term loan facility of US$170.0 million to fund the acquisition of the Chad and Cameroon Assets. The loan carries an annual interest rate of 7% plus three-month US SOFR. The facility was guaranteed by the Company up to US$34.0 million; this guarantee has been valued under IFRS 9 as a financial liability in the Company's Sattement of Financial Position. Following the Nationalisation, the terms of this facility were amended and interest can now be capitalised to the principal on a quarterly basis, together with a final maturity date now extended until 30 June 2027, subject to certain repayments being made before then. If certain payments are not made, then the final maturity date can be accelerated to either 30 June 2026 or 29 December 2025. The value of the loan as at 31 December 2023 was US$119.2 million (2022: US$162.0 million).

In 2023, the Company entered into a short-term US$10.0 million facility. The value of the loan at 31 December 2023 was US$2.9 million (2022: US$nil).

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30. Provisions

As at 31 December	2023 US$'000	2022 US$'000
Decommissioning provision	**44,913**	80,764
Other provisions	**4,343**	14,081
	49,256	94,845

The Group provides for the present value of estimated future decommissioning costs for its oil and gas assets, and infrastructure assets across its operating businesses. 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 undertaken by both internal and external specialists as appropriate. The amounts shown are expected to crystallise in 2036 for the Group's oil and gas assets and 2037 and 2055 for the Group's Infrastructure assets. The inflation rate and discount rate used in the calculation of the decommissioning provision at 31 December 2023 ranged between 2.10% and 2.80% and between 3.88% and 4.03%, respectively. Sensitivities can be found in Note 4.

Other provisions relate to amounts recognised on acquisition of the Nigerian assets in 2019, and the Chad Assets in 2022. They reflect the fair value of legal claims, using an "expected value" approach, as required to be valued under IFRS 3: Business Combinations, the timing and outcomes of which remain uncertain. All provisions relating to Chad Assets were fully released in 2023 following the Nationalisation, refer to Note 34 for more detail.

	Decommissioning		Other	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
As at 1 January	**80,764**	64,623	**14,081**	4,343
Recognised on acquisition of subsidiary (Note 33)	**—**	38,952	**—**	9,738
New provision added (Note 17)	**—**	1,622	**—**	—
Adjustment due to change in assumptions (Note 16 and 17)	**(2,073)**	(30,018)	**—**	—
Adjustment from impairment of Chad assets	**(39,041)**	—	**(9,738)**	—
Unwinding of decommissioning provision discount (Note 11)	**5,263**	5,585	**—**	—
As at 31 December	**44,913**	80,764	**4,343**	14,081

During 2022, the Group undertook a detailed technical assessment of the decommissioning provision cost estimates. Following the updated assessment, the decommissioning provision was updated, with the associated decommissioning asset also adjusted to reflect the new cost estimates; in 2023 these costs were updated for actual inflation rates. Other adjustments relate to changes in the discount rate and future inflation rate estimate.

31. Contract liabilities

Contract liabilities represents the value of gas supply commitment to the Group's customers for gas not taken but invoiced under the terms of its contracts. The amount has been analysed between current and non-current liabilities, based on the customers' expected future gas delivery profile. This expected usage is updated periodically with the customer.

As at 31 December	2023 US$'000	2022 US$'000
Amount due for delivery within 12 months	**17,654**	17,792
Amount due for delivery after 12 months	**346,490**	314,018
	364,144	331,810

	2023 US$'000	2022 US$'000
As at 1 January	**331,810**	239,510
Additional contract liabilities	**48,378**	101,117
Contract liabilities utilised	**(24,871)**	(13,461)
Unwind of discount on contract liabilities	**8,827**	4,644
As at 31 December	**364,144**	331,810

Following the purchase of the Nigerian assets on 14 November 2019, the contract liabilities balance was adjusted to reflect the fair value at the acquisition date. Discount amounting to US$8.8 million (2022: US$4.6 million) has been accreted during the year as make-up gas has been delivered. The unwind has been recognised within finance costs (Note 11).

32. Employee benefits

The Group operates a defined benefit gratuity scheme for the benefit of its Nigerian-based employees under the regulation of the National Pension Commission. Participant employees who have served the relevant employing company and are disengaging from service are entitled to an end of service benefit. In addition, all participating employees are entitled to a long service award every five years from their fifth year of continuous employment until their 35th year of continuous employment. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out for the year ended 31 December 2023.

Included in 2022, a number of the Chad-based employees were entitled to end of service benefits. All liabilities associated with Chad Assets were fully impaired (or released) in 2023 following the Nationalisation, refer to Note 34 for more detail.

(a) Changes in the present value of the employee benefits

	2023 US$'000	2022 US$'000
As at 1 January	**7,783**	3,506
Current service cost	**463**	605
Benefit paid by the plan	**(338)**	(336)
Interest expense on obligation	**332**	457
Plan amendment	**—**	(424)
Actuarial loss/(gain) recognised in Other comprehensive income	**128**	(100)
Adjustment from impairment of Chad Assets	**(4,487)**	—
Recognised on acquisition of subsidiary	**—**	4,487
Exchange difference	**(1,814)**	(412)
As at 31 December	**2,067**	7,783

Plan amendments include past service amendments and remeasurements of the long service award.

(b) Expenses recognised in the statement of comprehensive income for the employee benefits

Year ended 31 December	2023 US$'000	2022 US$'000
Past service amendments	**—**	(96)
Current service costs	**463**	605
Remeasurement	**—**	(328)
Amounts recorded within staff costs (Note 9)	**463**	181
Interest expense on obligation	**332**	457
	795	638

(c) Expenses recognised in Other comprehensive income for the employee benefits

Year ended 31 December	2023 US$'000	2022 US$'000
Actuarial (loss)/gain recognised in Other comprehensive income	**(128)**	100
Tax effect on actuarial (loss)/gain	**48**	(33)
	(80)	67

(d) Funded status

Both the defined benefit obligation and long service award are unfunded and will be settled using the Group's reserves.

(e) Assumptions

As at 31 December	2023 %	2022 %
Discount rate	**17.5**	14.0
Rate of salary increase	**15.0**	13.0
Rate of inflation	**12.0**	12.0
Benefit escalation rate	**7.3**	6.5

These assumptions depict management's estimate of the likely future experience of the Group.

Notes to the financial statements continued

for the year ended 31 December 2023

32. Employee benefits continued

(e) Assumptions continued

Mortality in service

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample age	2023 Number of deaths in year of age of 10,000 lives	2022 Number of deaths in year of age of 10,000 lives
25	**7**	7
30	**7**	7
35	**9**	9
40	**14**	14
45	**26**	26

Withdrawal from service

Age band	2023 %	2022 %
Less than or equal to 30	**0.0**	3.0
31–39	**0.0**	2.5
40–44	**0.0**	2.0
45–55	**1.0**	1.0
56–59	**1.0**	0.0

(f) Sensitivity analysis

The sensitivity analyses below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

As at 31 December		2023 US$'000	2022 US$'000
Base rate assumptions		**2,067**	3,296
Discount rate	1% increase	**1,931**	2,999
	1% decrease	**2,345**	3,656
Salary increase rate	1% increase	**2,359**	3,671
	1% decrease	**1,917**	2,982
Mortality in service	Age rated up by 1 year	**2,126**	3,304
	Age rated down by 1 year	**2,122**	3,304

(g) Ageing analysis

The following are the expected payments or contributions to the defined benefit plan in future years:

As at 31 December	2023 US$'000	2022 US$'000
Within the next 12 months	**35**	71
Between 2 and 5 years	**994**	1,216
Between 5 and 10 years	**2,762**	3,855
Beyond 10 years	**102,228**	93,284
Total expected payments	**106,019**	98,426

The weighted average duration of the employee benefits is 10.99 years (2022: 9.75 years).

(h) Employee benefit risk analysis

The main risks of the Group's defined benefit gratuity scheme are:

- The defined benefit liabilities are unfunded arrangements, which increases the chance that the benefits cannot be paid as they fall due;
- A decrease in bond yields has the effect of increasing plan liabilities. As the scheme is unfunded, there are no assets to match this increase in liability; and
- The gratuity plans are for the purposes of providing benefits for a retired employee, so increases in life expectancy result in an increase in the plans' liabilities.

33. Business combinations

There were no business combinations in 2023.

On 9 December 2022, a subsidiary of the Company acquired the Chad and Cameroon Assets that constituted a business combination. Following the completion of this acquisition, the Group owned a 40% operated interest in the Doba Oil Project (the "Doba oil field") in Chad and an effective c.40% indirect financial interest in the Chad-Cameroon midstream pipelines, being COTCo and TOTCo. This acquisition was in line with the Group's strategy to deliver value accretive inorganic growth.

As these assets and entities are interdependent due to supply agreements between the upstream and midstream business, the separable assets and liabilities of these acquired entities have been shown as one single CGU.

Set out below were the fair values of the separable assets and liabilities of the combined acquired entities together with the fair value of the purchase consideration:

	9 December 2022 US$'000
Property, plant and equipment	121,672
Investments in associates	188,285
Deferred tax assets	6,084
Inventory	30,358
Trade and other receivables	12,772
Cash at bank	95,596
Total assets	454,767
Deferred tax liabilities	18,782
Other payables	4,487
Provisions	48,683
Trade and other payables	149,986
Tax liabilities	47,315
Total liabilities	269,253
Total identifiable net assets at fair value	185,514
Goodwill/(bargain purchase) arising on acquisition	—
Total fair value of consideration transferred	185,514

Consideration satisfied by:

	US$'000
Cash	7,593
Contingent consideration	14,680
Debt	162,023
Deferred consideration	1,218
Total fair value of consideration transferred	185,514

The fair values of the property, plant and equipment 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 16) are the oil and gas reserves and related assets of the Doba oil field. The fair values of the investments in associates were valued using an income approach – based upon future dividend streams of the investments which were then discounted at an appropriate market discount rate.

Included within provisions was an amount recognised on acquisition for potential contingent liabilities associated with legal claims against the acquired entities amounting to US$9.7 million (Note 30). For more details on the basis of preparation, refer to Note 2. Cash consideration was paid by way of deposits paid prior to the completion of the acquisition.

Included in the purchase consideration at acquisition was US$14.7 million contingent consideration which would be payable based upon oil price milestones and liftings until 31 December 2023. No contingent consideration would be payable if these milestones were not met. The value of the contingent consideration was determined by discounting the future amounts payable based on forecast liftings and oil price. The contingent consideration was recognised as a financial liability in the consolidated statement of financial position and revalued at each reporting date. The value of the contingent consideration was not deemed to have materially changed since the acquisition date at the consolidated statement of financial position date, as at 31 December 2022.

From the date of acquisition, 9 December 2022 to 31 December 2022, the acquisition contributed the following amounts to the overall Group results:

	US$'000
Revenue	—
Profit before tax	945

Notes to the financial statements continued

for the year ended 31 December 2023

33. Business combinations continued

If the acquisition had taken place at the beginning of 2022, the acquisitions would have contributed the following amounts to the overall Group results for the year ended 31 December 2022:

	US$'000
Revenue	306,575
Profit before tax	20,601

Note 2 sets out the subsequent events following the acqusition of the Chad and Cameroon Assets. As a result of these events, the Company was not able to fully access the underlying financial information to prepare both the balance sheet as at the date of the acquisition and at 31 December 2022 for the purposes of the audit for the year ended 31 December 2022. The amounts set out in this note were extracted from the underlying ledgers with the limitations set out above. On this basis, a disclaimer audit opinion was issued.

34. Discontinued operations

As outlined in Note 2, Basis of preparation and Note 33, because of the Nationalisation of the Chad Assets and the unavailability of essential financial data and access to the pertinent employees of the affected entities, the Group has classified all of its activities associated with the Chad Assets as a discontinued operation in accordance with IFRS 5.

As required by IFRS 5 the consolidated statement of comprehensive income for the year ended 31 December 2022 has been restated to exclude the Chad Assets, and to disclose these operations as a single line item – Profit/(loss) for the year from discontinued operations. A summary statement of the comprehensive income and cash flow statement for the Chad Assets is set out below. Given the Nationalisation all assets and liabilities were fully provided for so that no balances remain (the balances at 31 December 2022 are shown at Note 5). This resulted in a total pre-tax impairment charge of US$12.4 million (and excludes an associated US$32.2 million tax reversal).

Year ended 31 December – discontinued operations	2023 US$'000	2022 US$'000
Revenue	76,560	—
Cost of sales	(6,118)	1,097
Gross profit	70,442	1,097
Net operating income/(expenses)	4,236	(118)
Operating profit	74,678	979
Finance expense	(14,936)	(98)
Share of profit/(loss) from associates	575	(95)
Foreign exchange loss	(383)	—
FVTPL	9,242	—
Trading profit	69,176	786
Tax credit/(expense)	32,214	(6,445)
Profit after tax	101,390	(5,659)
Net impairment of Savannah Chad Inc.	(6,850)	—
Impairment of associate – TOTCo (note 18a)	(5,500)	—
Net profit/(loss) and Total comprehensive income from discontinued operations	89,040	(5,659)

Year ended 31 December – discontinuing operations	2023 US$'000	2022 US$'000
Net cash generated from/(used in) operating activities	27,921	(32,226)
Net cash used in from investing activities	(1,216)	(35,000)
Net cash used in financing activities	(25,890)	—
Net cash inflow/(outflow)	815	(67,226)

Year ended 31 December – discontinuing operations	2023 US$	2022 US$
Earnings per share		
Basic, profit/(loss) for the year from discontinued operations	0.07	0.00
Diluted, profit/(loss) for the year from discontinued operations	0.06	0.00

35. Financial instruments

(a) Financial instruments by category

At the end of the year, the Group and Company held the following financial instruments:

As at 31 December	Group 2023 US$'000	Company 2023 US$'000	Group 2022 US$'000	Company 2022 US$'000
Financial assets				
Amortised cost				
Cash at bank (note 24)	**106,941**	**2,513**	240,888	5,610
Trade receivables and receivables from a joint arrangement (note 23)	**341,812**	**—**	184,121	—
Amounts due from Group companies (note 36)	**—**	**395,066**	—	379,860
Restricted cash	**29**	**—**	28	—
Loans and advances (note 20)	**11,805**	**16**	8,701	—
Other financial assets (note 23)	**5,829**	**75**	11,518	123
	466,416	**397,670**	445,256	385,593
Fair value through profit or loss				
Financial investment (note 18)	**139,459**	**—**	—	—
	605,875	**397,670**	445,256	385,593
Financial liabilities				
Amortised cost				
Trade payables (note 28)	**(26,461)**	**(5,380)**	(159,068)	(2,684)
Amounts owed to Group companies (note 36)	**—**	**(121,945)**	—	(93,597)
Intercompany loan (note 36)	**—**	**(26,918)**	—	(17,330)
Accruals (note 28)	**(29,273)**	**(9,321)**	(50,045)	(10,629)
Royalties and levies (note 28)	**(6,815)**	**—**	(5,542)	—
Interest payable	**(136,090)**	**(218)**	(105,600)	—
Lease liabilities (note 19)	**(4,796)**	**(3,094)**	(5,079)	(3,489)
Loan guarantees (note 28)	**—**	**(3,010)**	—	(3,419)
Other payables (note 28)	**(9,487)**	**(1,289)**	(14,074)	(3,663)
Borrowings (note 29)	**(580,668)**	**(2,926)**	(648,589)	—
	(793,590)	**(174,101)**	(987,997)	(134,811)
Fair value through profit or loss				
Contingent consideration (note 28)	**—**	**—**	(14,680)	—
Financial liability (note 28)	**(19,328)**	**(19,328)**	(19,739)	(19,739)
Call option (within Borrowings, note 29)	**1,887**	**—**	2,800	—
	(17,441)	**(19,328)**	(31,619)	(19,739)
	(811,031)	**(193,429)**	(1,019,616)	(154,550)
Net financial instruments	**(205,156)**	**204,241**	(574,360)	231.043

(b) Risk management policy

In the context of its business activity, the Group operates in an international environment in which it is confronted with market risks, specifically foreign currency risk and interest rate risk. It does not use derivatives to manage and reduce its exposure to changes in foreign exchange rates and interest rates.

Cash at bank policy is generally to keep amounts in the Company's functional currency when possible. Additionally, other main currencies are held by local subsidiaries as required to pay employees and vendors who are paid in GBP, EUR, NGN, XOF, and XAF. In addition to market risks, the Group is also exposed to liquidity and credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or damage to the Group's reputation. The Group manages liquidity risk by regularly reviewing cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections prepared by management. The Group maintains good relationships with its lenders. At 31 December 2023, the Group had US$106.9 million (2022: US$240.9 million) of Cash at bank (Company: US$2.5 million; 2022: US$5.6 million) (Note 24). Of this amount, US$59.6 million (2022: US$136.7 million) is being held for debt service (Company: US$nil 2022: US$nil). The credit ratings of the banks that hold the Group's Cash at bank range from AAA to B-. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate cash reserves and by 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 future 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.

Notes to the financial statements continued

for the year ended 31 December 2023

35. Financial instruments continued

(c) Liquidity risk continued

The following tables detail the Group's remaining contractual maturities for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial borrowings based on the earliest date on which the Group can be required to pay.

Group

As at 31 December 2023	Weighted average effective interest rate	Less than 1 year US$'000	Between 1–5 years US$'000	Greater than 5 years US$'000	Total US$'000
Financial assets					
Loans and advances	**15.20%**	**2,077**	**7,120**	**4,865**	**14,062**
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	**5.73%**	**(2,619)**	**(2,177)**	**—**	**(4,796)**
Principal repayment	**10.10%**	**(25,037)**	**(92,372)**	**—**	**(117,409)**
Interest payment		**(9,591)**	**(10,539)**	**—**	**(20,130)**
Variable interest rate instruments					
Principal repayment	**15.08%**	**(343,164)**	**(126,131)**	**—**	**(469,295)**
Interest payment		**(71,020)**	**(85,502)**	**—**	**(156,522)**
Net exposure		**(449,354)**	**(309,601)**	**4,865**	**(754,090)**

As at 31 December 2022	Weighted average effective interest rate	Less than 1 year US$'000	Between 1–5 years US$'000	Greater than 5 years US$'000	Total US$'000
Financial assets					
Loans and advances	15.20%	2,194	9,001	5,061	16,256
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	5.40%	(1,827)	(3,761)	—	(5,588)
Principal repayment	8.39%	(23,096)	(103,471)	—	(126,567)
Interest payment		(9,107)	(17,938)	—	(27,045)
Variable interest rate instruments					
Principal repayment	10.65%	(522,130)	(7,430)	—	(529,560)
Interest payment		(209,300)	(5,385)	—	(214,685)
Net exposure		(763,266)	(128,984)	5,061	(887,189)

All other financial assets and financial liabilities disclosed in Note 35(a) are expected to mature within one year. With respect to trade payables, the Group generally is required to pay within 30–90 days. However, in certain cases, these amounts will be settled later but are still expected to be within one year.

Company

As at 31 December 2023	Weighted average effective interest rate	Less than 1 year US$'000	Between 1–5 years US$'000	Greater than 5 years US$'000	Total US$'000
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	**4.75%**	**(917)**	**(2,177)**	**—**	**(3,094)**
Principal repayment	**27.30%**	**(3,060)**	**—**	**—**	**(3,060)**
Interest payment		**(480)**	**—**	**—**	**(480)**
Exposure liabilities		**(4,457)**	**(2,177)**	**—**	**(6,634)**

As at 31 December 2022	Weighted average effective interest rate	Less than 1 year US$'000	Between 1–5 years US$'000	Greater than 5 years US$'000	Total US$'000
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	4.75%	(970)	(2,882)	—	(3,852)
Exposure liabilities		(970)	(2,882)	—	(3,852)

All other financial assets and financial liabilities disclosed in Note 35(a) are expected to mature within one year. With respect to trade payables, the Group generally is required to pay within 30-90 days, but no longer than one year on occasion..

35. Financial instruments continued

(d) Foreign currency risk

Foreign currency risk arises because the Group's subsidiaries operate mainly in Nigeria, Niger, France and the United Kingdom, and enter into transactions in currencies which are not the same as their functional currency. The net assets from such overseas operations are exposed to currency risk, giving rise to gains or losses on retranslation into the functional currency.

Foreign currency risk also arises when the entities within the Group enter into transactions denominated in a currency other than its functional currency. The main foreign currency risk in the years ended 31 December 2023 and 2022 related to transactions denominated in Nigerian Naira.

The primary exchange rate movements that the Group is exposed to are US$:NGN, US$:XOF, US$:XAF, US$:GBP and US$:EUR. Foreign exchange risk arises from recognised assets and liabilities.

Group

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities were as follows:

As at 31 December 2023	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000
Cash at bank	**750**	**302**	**225**	**70,943**	**295**
Exposure assets	**750**	**302**	**225**	**70,943**	**295**
Trade payables	**(3,553)**	**(67)**	**—**	**(7,861)**	**(825)**
Borrowings – current	**—**	**(11,376)**	**—**	**(401)**	**—**
Borrowings – non-current	**—**	**—**	**—**	**(3,139)**	**—**
Exposure liabilities	**(3,553)**	**(11,443)**	**—**	**(11,401)**	**(825)**
Net exposure	**(2,803)**	**(11,141)**	**225**	**59,542**	**(530)**

As at 31 December 2022	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000
Cash at bank	3,105	1,442	4,947	198,085	377
Exposure assets	3,105	1,442	4,947	198,085	377
Trade payables	(2,128)	(45)	—	(13,046)	(119)
Borrowings – current	—	(12,264)	—	(803)	—
Borrowings – non-current	—	—	—	(7,097)	—
Exposure liabilities	(2,128)	(12,309)	—	(20,946)	(119)
Net exposure	977	(10,867)	4,947	177,139	258

As described in Note 2, the limitation of information with respect to the Chad Assets has not allowed for complete analysis of the Group's foreign currency denominated monetary assets and liabilities.

Company

As at 31 December 2023	GBP US$'000	XOF US$'000	NGN US$'000	EUR US$'000
Cash at bank	**750**	**—**	**—**	**227**
Intercompany receivable	**17,651**	**—**	**126**	**35,914**
Exposure assets	**18,401**	**—**	**126**	**36,141**
Trade payables	**(3,459)**	**—**	**—**	**(1,104)**
Intercompany payable	**(12,373)**	**(9)**	**(538)**	**(33)**
Exposure liabilities	**(15,832)**	**(9)**	**(538)**	**(1,137)**
Net exposure	**2,569**	**(9)**	**(412)**	**35,004**

As at 31 December 2022	GBP US$'000	EUR US$'000
Cash at bank	3,105	376
Intercompany receivable	16,843	30,117
Exposure assets	19,948	30,493
Trade payables	(1,988)	(576)
Intercompany payable	(6,681)	(2)
Exposure liabilities	(8,669)	(578)
Net exposure	11,279	29,915

Notes to the financial statements continued

for the year ended 31 December 2023

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 year, based on only continuing operations. 10% is the rate used internally and represents management's assessment of the reasonably possible change in exchange rates.

Year ended 31 December 2023 - continuing operations	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	**280**	**1,114**	**(23)**	**(5,954)**	**53**	**(4,530)**
Impact on loss for the year – Company	**(257)**	**1**	**—**	**41**	**(3,500)**	**(3,715)**

Year ended 31 December 2023 - continuing operations	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	(39)	1,087	(495)	(17,714)	(26)	(17,187)
Impact on loss for the year – Company	(53)	—	—	—	20	(33)

The following table shows the effect of the US$ weakening by 10% against the foreign currencies, with all other variables held constant, on the Group's result for the year, based on only continuing operations. 10% is the rate used internally and represents Management's assessment of the reasonably possible change in exchange rates.

Year ended 31 December 2023 - continuing operations	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	**(280)**	**(1,114)**	**23**	**5,954**	**(53)**	**4,530**
Impact on loss for the year – Company	**257**	**(1)**	**—**	**(41)**	**3,500**	**3,715**

Year ended 31 December 2023 - continuing operations	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	39	(1,087)	495	17,714	26	17,187
Impact on loss for the year – Company	53	—	—	—	(20)	33

(e) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with financial institutions, foreign exchange transactions and other financial instruments. Credit risk is monitored by the Board of Directors.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. The Group's treasury, trading and intercompany relationships and counterparties comprise financial services institutions. For these relationships, the Group analyses publicly available information such as financial statements and other external data.

Loans and advances

The Group holds certain loans and receivables recognised as financial assets (see Note 20 for more details). The Group assesses the credit risk of counterparties to determine whether there has been a significant increase in credit risk in the year. If there has been a significant increase in credit risk in the year, a lifetime ECL is recognised. There has been no increase in credit risk in the year and the Group deem any potential ECL to be immaterial.

Trade and other receivables

Customer credit risk is managed subject to the Group's established policy, procedures and controls relating to customer credit risk management. The credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any deliveries to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable financial institutions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables management. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Group has an established credit policy under which each new counterparty is analysed for creditworthiness before the Group's standard terms and conditions are offered. The Group's review includes external ratings.

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.

35. Financial instruments continued

(e) Credit risk continued

Trade and other receivables continued

To estimate lifetime ECL's for trade receivables, the Group applies both the simplified approach, using a provision loss rate matrix which is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment; and the general approach (stage 2 and 3), in order to determine any ECL depending on the trade receivables collective characteristics.

Set out below is the information about the overall credit risk exposure of the Group's trade receivables together with the effective loss rates:

As at 31 December 2023	Trade receivables						
	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	**13.47%**	**—**	**—**	**—**	**—**	**25.11%**	
Estimated total carrying amount at default	**276,913**	**15,692**	**11,621**	**1,076**	**36,587**	**48,022**	**389,911**
Expected credit loss	**37,295**	**—**	**—**	**—**	**—**	**12,058**	**49,353**

As at 31 December 2022	Trade receivables						
	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	20.58%	8.74%	11.45%	13.99%	48.01%	99.09%	
Estimated total carrying amount at default	190,692	10,223	2,367	2,109	20,350	18,537	244,278
Expected credit loss	39,242	893	271	295	9,771	18,368	68,840

As described above the expected credit loss allowance is based on a combination of the simplified and general approaches. For the simplified approach loss rates are determined by analysing historical sales and cash collection data over a number of years which are then adjusted to reflect forward looking macro-economic factors reflecting probability-weighted outcomes. The general approach assesses the credit worthiness of customers, using data from institutionally recognised credit agencies, to select credit ratings (typically between B- and CCC or their equivalent), appropriate range of default and asset recovery rates if default occurs. As with the simplified approach, the general approach reflects forward looking macro-economic factors and probability-weighted outcomes.

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

	2023 US$'000	2022 US$'000
As at 1 January	**68,840**	29,345
Trade receivables - (reversal)/charge	**(19,487)**	39,495
Other receivables	**4,134**	—
As at 31 December	**53,487**	68,840

In 2023 there was a overall reduction in the expected credit loss allowance.T his was mainly due to: (i) trade receivables assessed under the simplified approach saw the expected loss rates decrease due to improved and expected collection performance; and (ii) for the other trade receivables, in prior years the loss allowance was based largely on when these receivables would be collected and then discounted. In 2023 this approach was refined to more accurately estimate the probability of default rates, recovery rates, expected cash shortfalls at default and to apply forward looking factors to different macro-economic factors. This refinement also led to the reduction in the expected credit loss allowance.

As set in out in Note 37, an ECL allowance was provided for balances owed by two related parties which amounted to US$4.2 million of which the the Company provided US$4.1 million (2022: US$nil). The Company considers all intercompany balances recoverable and any potential expected credit losses are judged to be immaterial. The credit risk from related parties has not increased significantly since their initial recognition. Other than where noted, there has been no ECL amount recognised by the Company since initial recognition and therefore no amount has been recognised within the Company's statement of comprehensive income.

Notes to the financial statements continued

for the year ended 31 December 2023

35. Financial instruments continued

(f) Interest rate risk

The Group had significant cash balances during the year. Changes in interest rates could have either a negative or positive impact on the Group's interest income. Whenever possible, cash balances are put on term deposits to maximise interest income.

The Group's cash financial assets was as follows:

As at 31 December	2023 US$'000	2022 US$'000
Cash at bank at variable interest rate – Group (Note 24)	106,941	240,888
Cash at bank at variable interest rate – Company (Note 24)	2,513	5,610

The cash at bank at floating interest rates consist of deposits which earn interest at variable rates depending on length of term and amount on deposit.

The following table shows the effect of the short-term interest rates increasing by 1%, with all other variables held constant, on the Group's and Company's result for the year, based on only continuing operations. 1% is the movement that represents Management's assessment of the reasonable possible change in interest rates.

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Impact on loss – Group	1,069	2,409
Impact on loss – Company	25	56

The following table shows the effect of the short-term interest rates decreasing by 1%, with all other variables held constant, on the Group's and Company's result for the year, based on only continuing operations. 1% is the movement that represents Management's assessment of the reasonable possible change in interest rates.

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Impact on loss – Group	(1,069)	(2,409)
Impact on loss – Company	(25)	(56)

The Group is exposed to cash flow interest rate risk through funds borrowed at variable interest rates. These exposures arise from the interest on third-party loans which are based on SOFR and NIBOR. Changes to the borrowing costs of the Group are monitored by Management and assessed relative to the Group's ongoing cash flows from operations.

The sensitivity analyses have been determined based on the exposure to interest rates for financial instruments at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the statement of financial position date was outstanding for the whole year. A 1% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

The interest rate profile of the Group's financial liabilities was as follows:

As at 31 December	2023 US$'000	2022 US$'000
Borrowings at variable interest rate – Group	469,295	529,560
Borrowings at variable interest rate – Company	—	—

The following table shows the effect of the short-term interest rates decreasing by 1%, with all other variables held constant, on the Group's and Company's result for the year. 1% is the movement that represents Management's assessment of the reasonable possible change in interest rates.

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Impact on loss – Group	(4,693)	(5,296)
Impact on loss – Company	—	—

The following table shows the effect of the short-term interest rates decreasing by 1%, with all other variables held constant, on the Group's and Company's result for the year, based on only continuing operations. 1% is the movement that represents Management's assessment of the reasonable possible change in interest rates.

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Impact on loss – Group	4,693	5,296
Impact on loss – Company	—	—

35. Financial instruments continued

(g) Capital disclosures

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term, and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group funds its expenditures on commitments from existing cash balances, proceeds from the issue of shares, debt financing and cash flows from its Nigerian operating entities. There are no externally imposed capital requirements. Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

The Directors monitor capital by tracking leverage and interest cover. Leverage is calculated as net debt divided by Adjusted EBITDA. Interest cover is defined as Adjusted EBITDA divided by finance costs excluding the unwinding of certain liabilities less finance income.

EBITDA is defined as earnings before interest, tax, depletion, depreciation and amortisation after adjusting for transaction expenses and other related adjustments. Adjusted EBITDA is defined as EBITDA including deferred revenue and other invoiced amounts, less: royalty payables on the additional deferred revenue and other invoiced amounts, Other operating income with respect to re-invoiced FX losses; and add back of: share-based payments and expected credit loss and other related adjustments.

As at 31 December	2023 US$'000	2022 US$'000
Borrowings (Note 29)	580,668	645,789
Less: cash at bank (Note 24)	(106,941)	(240,888)
Restricted cash	(29)	(28)
Net debt	473,698	404,873

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Operating profit	136,560	60,972
Add:		
Depletion, depreciation, and amortisation	38,364	39,036
Transaction and other related expenses	13,248	14,487
EBITDA	188,172	114,495
Add: other invoiced amounts	36,722	77,946
Less: royalty payable on additional gas volume	—	(1,801)
Less: Other operating income	(28,877)	(7,372)
Add: Share-based payments	4,743	1,286
Expected credit loss and other related adjustments	(16,703)	39,495
Adjusted EBITDA	184,057	224,049

Year ended 31 December – continuing operations	2023 US$'000	2022 US$'000
Finance costs	102,655	78,872
Less: unwind of discount on long-term liabilities and provisions (Note 11)	(14,422)	(10,887)
Finance income	(3,216)	(1,068)
Finance costs (for Interest cover)	85,017	66,917

	2023	2022
Leverage	2.6x	1.8x
Interest cover ratio	2.2x	3.3x

The Group's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants could provide the lenders with the ability to immediately call loans and borrowings.

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

36. Intercompany receivable/payable

Company

As at 31 December	2023 US$'000	2022 US$'000
Intercompany receivable	395,066	379,880
Intercompany loan payable	26,918	17,330
Intercompany payable	121,945	93,598

Notes to the financial statements continued
for the year ended 31 December 2023

36. Intercompany receivable/payable continued

Intercompany receivables are amounts on demand and are not interest bearing. The receivables balance has increased in the year due to time writing recharges and payment of invoices on behalf of subsidiary undertakings. The increase in intercompany payables in the year was due to cash pooling arrangements made from subsidiaries to the Company as well as invoices being paid on behalf of the Company by its subsidiary undertakings. The intercompany loan relates to long term funding received from a susbidiary, more detail is set out in Note 39.

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; refer to amounts disclosed in note 36 for related party balances within the Company. Details of transactions between the Company and other related parties are disclosed below.

During the year COTCo and TOTCo (Note 18) were accounted for as associates in accordance with IAS 28 and therefore deemed to be related parties. For the period as an associate, the Group invoiced COTCo and TOTCo, US$9.8 million (2022: nil) and US$0.1 million (2022: nil) respectively, for services provided. At 31 December 2023, US$4.1 million and US$0.1 million remained outstanding from COTCo and TOTCo respectively and have been provided for in full.

Compensation of key management personnel

Key management are the Directors (Executive and Non-Executive). Compensation of key management personnel is disclosed in Note 9. Further information about the remuneration of individual directors is provided in the Directors' remuneration report.

Trading transactions during the year

Joseph Pagop Noupoué, Non-Executive Director, is the managing partner of ECA Conseils, an organisation that comprises two professional service firms: ECA SA (formerly ECA EY Cameroun SA) and ECA Tax & Legal (formerly EY Cameroon SARL). During the year, the Group incurred expenditure for professional and advisory services with ECA Conseils which related to the Chad and Cameroon Assets which amounted to US$2.2 million (2022: n/a). The majority of this expenditure was incurred before Mr Pagop-Noupoué's appointment to the board in April 2023 and whilst the entities were within the EY network, these expenditures were invoiced and settled after this date. There was no amount outstanding at 31 December 2023

During the year, the Company advanced £10,000 to Djado Gold plc (a company in which Mark Iannotti and Andrew Knott are investors) in respect of costs being incurred in connection with a potential corporate transaction between the two companies. The balance outstanding at year-end was approximately £12,000. Following the decision by the Company not to proceed with any transaction, the loan has been fully repaid post year-end.

Mark Iannotti, Non-Executive Director, provided office premises related consultancy services which amounted to US$28,000 (2022: nil). No amounts were outstanding at 31 December 2023.

38. Cash flow reconciliations

Group

A reconciliation of loss before tax to net cash generated from operating activities is as follows:

	Year ended 31 December 2023 US$'000	Year ended 31 December 2022 US$'000
Loss before tax from continuing operations	**(68,898)**	(53,732)
Profit before tax from discontinued operations	**56,826**	786
Adjustments for:		
Depreciation	**3,545**	2,242
Depletion	**34,819**	38,403
Finance income	**(1,501)**	(948)
Finance costs	**102,655**	78,970
Discontinued operations finance costs	**14,937**	—
Fair value through the profit or loss and other adjustments	**5,706**	8,134
Share of profit from associates	**(4,400)**	(65)
Gain on disposal	**—**	(7,372)
Unrealised foreign exchange loss	**67,910**	12,374
Share-based payments	**4,743**	1,268
Expected credit loss and other related adjustments	**(16,703)**	39,495
Contingent consideration writeoff	**(9,242)**	—
Chad Assets net impairment	**(19,864)**	—
Operating cash flows before movements in working capital	**170,533**	119,555
Increase in inventory	**(1,948)**	(6,143)
Increase in trade and other receivables	**(141,337)**	(110,845)
(Decrease)/increase in trade and other payables	**(11,061)**	20,534
Increase in contract liabilities	**23,510**	87,656
Income tax paid	**(6,474)**	(35,064)
Net cash generated from operating activities	**33,223**	75,693

38. Cash flow reconciliations continued

Group continued

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2023	**645,789**	**105,600**	**5,079**	**756,468**
Cash flows				
Repayment	**(84,213)**	**(34,928)**	**(939)**	**(120,080)**
Proceeds	**2,850**	**—**	**—**	**2,850**
Realised foreign exchange movements	**546**	**—**	**—**	**546**
	(80,817)	**(34,928)**	**(939)**	**(116,684)**
Non-cash adjustments				
Payment-in-kind adjustment/accretion of interest	**18,718**	**65,450**	**259**	**84,427**
Net debt fees recognised	**(385)**	**—**	**—**	**(385)**
Working capital movements	**—**	**—**	**225**	**225**
Borrowing fair value adjustments	**913**	**—**	**—**	**913**
Foreign exchange movements	**(3,550)**	**(32)**	**172**	**(3,410)**
At 31 December 2023	**580,668**	**136,090**	**4,796**	**721,554**

	Borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2022	524,245	80,101	6,783	611,129
Cash flows				
Repayment	(57,008)	(34,342)	(1,474)	(92,824)
Proceeds	12,810	—	—	12,810
Realised foreign exchange movements	(15)	114	—	99
	(44,213)	(34,228)	(1,474)	(79,915)
Non-cash adjustments				
Deemed proceeds	162,023	—	—	162,023
Payment-in-kind adjustment/accretion of interest	3,544	59,776	367	63,687
Net debt fees recognised	(681)	—	—	(681)
Borrowing fair value adjustments	2,010	—	—	2,010
Working capital movements	—	—	(17)	(17)
Foreign exchange movements	(1,139)	(49)	(580)	(1,768)
At 31 December 2022	643,779	105,600	5,079	754,458

Notes to the financial statements continued

for the year ended 31 December 2023

38. Cash flow reconciliations continued

Company

A reconciliation of profit or loss before tax to net cash used operating activities is as follows:

Year ended 31 December	2023 US$'000	2022 US$'000
Loss before tax	(44,004)	(51,639)
Adjustments for:		
Depreciation	920	719
Finance costs	20,741	6,104
Finance income	(5,972)	(35)
Fair value through the profit or loss and other adjustments	(411)	6,124
Share-based payments	3,981	895
Expected credit loss on financial assets	2,870	—
Unrealised foreign exchange loss	314	381
Operating cash flows before movements in working capital	(21,561)	(37,451)
Decrease in other receivables and prepayments	(11,001)	8,028
Decrease in trade and other payables	(1,308)	(4,680)
(Decrease)/increase in accruals	1,453	3,747
Net cash used in operating activities	(32,417)	(30,356)

Included within the movements in working capital, are adjustments for non-cash items that relate to intercompany finance costs and income, movements in FVTPL and share-based payments.

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2023	—	—	3,489	3,489
Cash flows				
Repayment	—	—	(939)	(939)
Proceeds	2,850	—	—	2,850
	2,850	—	(939)	1,911
Non-cash adjustments				
Accretion of interest	100	218	146	464
Working capital movements	—	—	225	225
Net debt fees recognised	(24)	—	—	(24)
Foreign exchange movements	—	—	173	173
At 31 December 2023	2,926	218	3,094	6,238

	Borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2022	20,986	251	4,565	25,802
Cash flows				
Repayment	(21,022)	(2,616)	(667)	(24,305)
	(21,022)	(2,616)	(667)	(24,305)
Non-cash adjustments				
Accretion of interest	36	2,365	195	2,596
Working capital movements	—	—	(23)	(23)
Foreign exchange movements	—	—	(581)	(581)
At 31 December 2022	—	—	3,489	3,489

39. Restatement of comparatives

(a) Financial loan guarantees

As set out in Note 3, Material accounting policies - Financial loan guarantees, loan guarantees provided to the Company's subsidiaries were previously recorded in accordance with IFRS 4: Insurance Contracts. With the replacement of IFRS 4 with IFRS 17: Insurance Contracts, the Company has made a policy choice to retrospectively recognise such guarantees under IFRS 9: Financial Instruments. Therefore, on initial recognition the loan guarantee liability was measured at its fair value based on the deemed benefit it has provided to its subsidiaries as an increase in investment in subsidiary together with a loan guarantee liability, within other payables. Subsequent measurement of the guarantee is then based on the higher of the initial fair value less any amortisation income earned and any ECL estimated in accordance with IFRS 9's generalised approach. This retrospective policy adoption only applied to the Company's statement of position as at 31 December 2022, and no income or additional liability was recognised for the year ended 31 December 2022.

39. Restatement of comparatives continued

(b) Other prior year adjustments

Certain intercompany loans provided to the Company from a susbidiary during the year ended 31 December 2022 were not properly reflected in its financial statements for that year. This included recognising distribution income, interest expense and the fair value as the loans were granted at non-market interest rates. The affected financial statement line items in comparative year have been restated. There was no impact at the consolidated Group level.

The restated company statement of financial positions are as follows:

	Impact of restatement		
As at 31 December 2022	As previously reported US$'000	Adjustments US$'000	As restated US$'000
Non-current assets			
Investment in subsidaries	9,990	3,419	13,409
Intercompany receivable	379,860	—	379,860
Other non-current assets	3,790	(2)	3,788
Total non-current assets	393,640	3,417	397,057
Total current assets	33,163	—	33,163
Total assets	426,803	3,417	430,220
Equity and liabilities			
Capital and reserves			
Share capital	137,079	—	137,079
Retained earnings	132,986	5,538	138,524
Total equity	270,065	5,538	275,603
Non-current liabilities			
Intercompany loan	—	17,330	17,330
Lease liabilities	2,618	—	2,618
Other payables	—	3,417	3,417
Total non-current liabilities	2,618	20,747	23,365
Current liabilities			
Intercompany payable	116,465	(22,868)	93,597
Other liabilities	37,655	—	37,655
Total current liabilities	154,120	(22,868)	131,252
Total liabilities	156,738	(2,121)	154,617
Total equity and liabilities	426,803	3,417	430,220

For the year ended 31 December 2022, the Company's loss decreased by US$5.5 million as a result of this restatement. The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Company statement of comprehensive income and therefore have not disclosed the restated Company statement of comprehensive income. There is no impact on the Company's total operating, investing or financing cash flows for the year ended 31 December 2022.

In addition to the restatement above, the Company statement of cash flows has been restated, reclassifying Advanced to subsidiary undertakings from investing activities to financing activities. This restatement reflects the nature of these intercompany cash flows. This resulted in a decrease in Net cash provided for investing activities of US$33.9 million; and increased Net provided from finance activities of US$33.9 million, for the year ended 31 December 2022, as reported. There was no overall impact to the Net decrease in cash and cash equivalents for the year ended 31 December 2022, as reported.

Notes to the financial statements continued

for the year ended 31 December 2023

39. Restatement of comparatives continued

(b) Other prior year adjustments continued

For the year ended 31 December 2022	Impact of restatement		
	As previously reported US$'000	Adjustments US$'000	As restated US$'000
Cash flows from operating activities:			
Net cash used in operating activities	(30,356)	—	(30,356)
Cash flows from investing activities:			
Payments for property, plant and equipment	(6,782)	—	(6,782)
Advances to subsidiary undertakings	(5,598)	—	(5,598)
Advances from subsidiary undertakings	33,907	(33,907)	—
Loans and advances - receipts	—	—	—
Acquisition deposits	(19,648)	—	(19,648)
Interest received	—	—	—
Loans and advances - payments	(1,067)	—	(1,067)
Lessor receipts	286	—	286
Net cash provided by/(used in) investing activities	1,098	(33,907)	(32,809)
Cash flows from financing activities:			
Finance costs	(4,922)	—	(4,922)
Proceeds from issues of equity shares, net of issue costs	61,141	—	61,141
Advances from subsidiary undertakings	—	33,907	33,907
Sale of treasury shares	73	—	73
Borrowing proceeds	—	—	—
Borrowing repayments	(21,022)	—	(21,022)
Lease payments	(667)	—	(667)
Net cash provided from financing activities	34,603	33,907	68,510
Net (decrease)/increase in cash and cash equivalents	5,345	—	5,345
Effect of exchange rate changes on cash and cash equivalents	(1,241)	—	(1,241)
Cash and cash equivalents at beginning of year	1,506	—	1,506
Cash and cash equivalents at end of year	5,610	—	5,610

40. Capital commitments

At the reporting date, the Group had capital commitments of US$1.2 million (2022: US$316,000), all expected to be satisfied within 12 months.

41. Contingent liabilities

As set in Note 2, the impact of the Nationalisation of the Chad Assets has resulted in the Group not being able to determine liabilities within its subsidiary, SCI, as to both type and quantum. The Directors have sought legal advice which has confirmed that the scope of Law No. 003/PT/2023 promulgated by the President of Chad on 31 March 2023 (Nationalisation Law) is not specific in relation to SCI's liabilities in Chad. The consequences of the Nationalisation Law for SCI will be established by an arbitration which SCI has commenced against the Republic of Chad. Based upon the legal advice received and the Group's inability to sufficiently identify and quantify, through any reasonable means, the liabilities associated with SCI or the Chad Assets, the Directors believe that these should be considered as contingent liabilities in line with the requirements of IAS 37: Provisions, Contingent Liabilities and Contingent Assets. As previously reported, for the year ended 31 December 2022, the Group consolidated the Chad Assets from the date of completion of their acquisition on 9 December 2022 to 31 December 2022 in accordance with Note 2 of the financial statements, as set out in the Group's 2022 Annual Report. The financial position of the assets and liabilities of the Chad Assets as at 31 December 2022 is reproduced in Note 5 of this report.

Note 18(a) describes the transaction with SNH to dispose of a 10% interest in COTCo. There are conditions remaining to the completion of the sale and if the sale is completed it could result in a tax liability. Given the uncertainty surrounding the completion, the impact of the above arbitrations and the shareholder dispute (set out in Note 2), it is not possible to properly assess if any tax liability will arise.

42. Events after the reporting period

On 31 January 2024, Accugas Limited executed a four-year, Naira denominated loan facility with a consortium of Nigerian lenders (the Transitional Facility). The Transitional Facility is being utilised to repay the Accugas US$ Facility. More details are set out at Note 2.

With respect to the arbitrations described in Note 2 and 41, on 15 January 2024 SCI and SMIL filed their Statement of Claim in the consolidated arbitration. On 29 May 2024, the Republic of Chad filed its Defence and Counterclaim in the arbitration. The arbitral hearing on the merits of these cases is scheduled to be held in June 2025 with a decision expected in Q4 2025.

On 19 March 2024, the Company announced that it had signed a Share Purchase Agreement to acquire SIPEC, the joint venture partner in the Stubb Creek field; more details are provided in the Strategic Report: Strategy in action Stubb Creek of this Annual Report and Accounts. As there a number of conditions precedent before legal completion no current assessment has been made with respect to any IFRS 3: Business Combinations disclosures.

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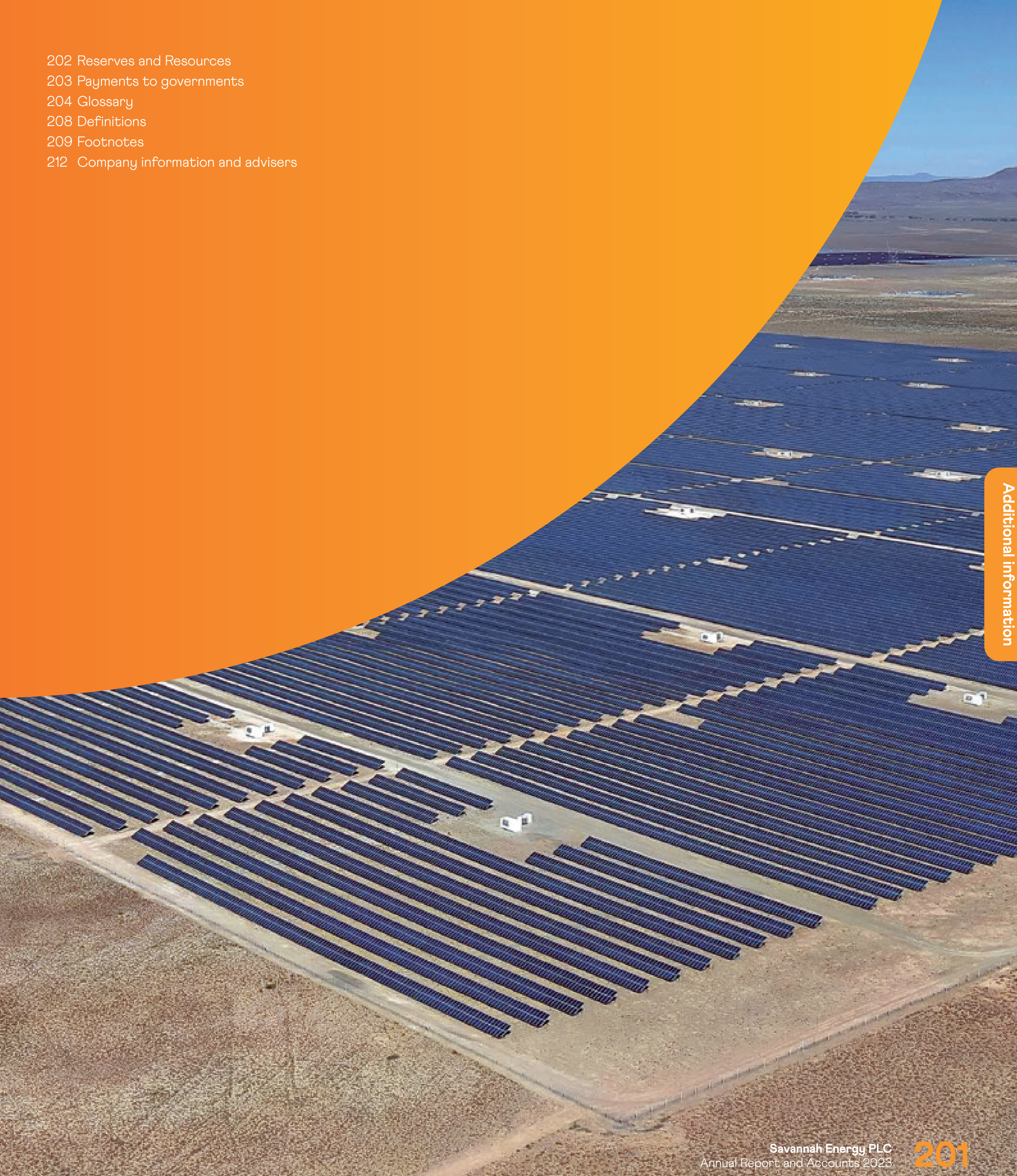

Additional information

Reserves and Resources

as at 31 December 2023

	2P Reserves		2C Resources	
	Gross	Net	Gross	Net
Niger[1]				
Oil (MMstb)			35.0	33.3
Nigeria[2]				
Oil and condensate (MMstb)				
Uquo	0.6	0.5	—	—
Stubb Creek	11.9	3.8	—	—
Gas (Bscf)				
Uquo	456.2	364.9	82.8	66.2
Stubb Creek	—	—	515.3	288.6
Total (MMboe)	**88.6**	**65.1**	**134.7**	**92.4**

1. CPR dated 17 December 2021 for the Niger assets was compiled by CGG which certified 2C Resources. For Niger, the Net portion of the gross resources are attributable to Savannah before royalties, taxes and government share of profit.
2. A Competent Person's Report ("CPR"), dated March 2024, for the Nigeria Assets was compiled by CGG Services (UK) Ltd, ("CGG") which certified 2P Reserves and 2C Resources as at 31 December 2023.

Payments to governments
For the year ended 31 December 2023

Report of payments to governments

This report sets out details of the payments made to governments by the Group for the year ended 31 December 2023 as required under the Disclosure and Transparency Rules of the UK Financial Conduct Authority (the "DTRs") and in accordance with our interpretation of the Industry Guidance issued for the UK's Report on Payments to Governments Regulations 2014, as amended in December 2015. The DTRs require companies in the UK and operating in the extractives sector to publicly disclose payments made to governments in the countries where they undertake exploration, prospection, development and extraction of oil and natural gas deposits or other materials.

Government payments

The Group's extractive operations in Niger and Nigeria give rise to a number of payments to government, including royalties, taxes and levies made by the group on its own behalf and on behalf of suppliers and employees through the deduction of VAT, PAYE and other withholding taxes. Different payments arise at different times over the course of a typical upstream or midstream project, including the following significant items:

Project phase	Licence fees	Signature bonuses	WHT & VAT on supplier payments	PAYE on staff salaries	Import duty	Payments to host communities & for infrastructure improvements	Royalties on production	Income tax on profits	WHT on dividends
Exploration	✓	✓	✓	✓	✓	✓			
Development/ Construction			✓	✓	✓	✓			
Production/ operation			✓	✓		✓	✓	✓	✓
Abandonment						✓			

In many cases, investment incentives available to the oil and gas sector, or to companies generally, such as tax holidays, offset of start-up losses and capital allowances, can defer the full incidence of income tax until after the commencement of production/operations.

	Upstream projects			Other	
	Uquo US$'000	Stubb Creek US$'000	Agadem US$'000	Midstream US$'000	Corporate US$'000
Production entitlements					
Income taxes, including WHT suffered	3,909	1,975	173	741	—
Royalties	3,389	1,221	—	—	—
Special dividends	—	—	—	—	—
Signature, discovery & production bonuses	—	—	—	—	—
Licence fees, rental fees, entry fees & other consideration for licences	—	—	599	247	—
Payments for infrastructure improvements	—	—	11	—	—
	7,298	3,196	783	988	—
Consumption taxes (NDDC levy, NESS, ITF, etc.)	75	100	—	505	2,696
Taxes paid on behalf of others (VAT, WHT, NDC levy, PAYE)		237	—	5,966	7,191
	75	337	—	6,471	9,887
Total	**7,373**	**3,533**	**783**	**7,459**	**9,887**
Nigeria Federal government	7,369	3,306	—	5,841	—
Nigeria State government	4	227	—	1,371	—
Nigeria Local government	—	—	—	247	—
Nigeria Local communities	—	—	—	—	—
Niger Federal government	—	—	772	—	—
Niger Local communities	—	—	11	—	—
UK Federal government	—	—	—	—	9,190
UK Local government	—	—	—	—	196
France Federal government	—	—	—	—	501
Total	**7,373**	**3,533**	**783**	**7,459**	**9,887**

Treatment of joint operations

- Amounts include payments made by the Group directly to governments in respect of the joint operations and sole costs.
- Cash calls made by joint operations for payments to governments are excluded.

Payments for infrastructure improvements

- These include community and social project expenditure.

Consumption taxes paid on behalf of others

- These include VAT, withholding taxes and payroll taxes withheld from payments to suppliers and employees.
- Payments other than in relation to upstream projects are not required by the EU Accountancy & Transparency Directives but are included for completeness.

Glossary

Term	Definition
2P Reserves	the sum of proved plus probable reserves;
2C Resources	the best estimate of Contingent Resources;
3D seismic	geophysical data that depicts the subsurface strata in three dimensions. 3D seismic typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic;
Accugas	Accugas Ltd, a gas marketing, processing and distribution company incorporated under the laws of Nigeria, an 80% owned subsidiary of the Company;
Accugas Midstream Business	the business currently operated by Accugas Limited, comprising a 200 MMscfpd gas processing facility and approximately 260 km gas pipeline network and associated gas processing infrastructure;
Accugas US$ Facility	Accugas' bank loan facility amounting to US$342.4 million;
AIM	the Alternative Investment Market of the London Stock Exchange;
AIIM	African Infrastructure Investment Managers;
AMOCON	Amalgamated Oil Company Nigeria Limited, which produces gas from its OML 156 sole risk petroleum lease area;
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);
Bcm	billion cubic metres;
Bn	billion;
Board	the Board of Directors of Savannah Energy PLC;
Bscf	billion standard cubic feet;
Bscfpd	billion standard cubic feet per day;
best estimate	the middle value in a range of estimates considered to be the most likely. If based on a statistical distribution, can be the mean, median or mode depending on usage;
block	an area defined for exploration licensing;
boe	barrels of oil equivalent. One barrel of oil is approximately the energy equivalent of 6 Mscf of natural gas;
CETS	COTCo export transportation system;
Cameroon Assets	means the assets acquired from ExxonMobil being a 41.06% shareholding interest in Cameroon Oil Transportation Company which owns and operates the Cameroon portion of the Chad-Cameroon pipeline and FSO;
Chad Assets	means the assets acquired from ExxonMobil being a 40% participating interest in the Doba Oil Field Development Area in Chad, and a 40.19% shareholding interest in Tchad Oil Transportation Company which owns and operates the Chad portion of the Chad-Cameroon pipeline. These assets were nationalised by the Republic of Chad on 31 March 2023;
Chad and Cameroon Assets	The Chad Assets and the Cameroon Assets;
Chad-Cameroon pipeline	is the 1,081 km, 30 inch oil pipeline connecting the Doba Oil Project to the Kome Kribi 1 FSO offshore Cameroon, with a nameplate capacity of 250 Kbopd (as defined in the Supplementary Admission Document dated 9 December 2023);
CGCL	Calabar Generation Company Limited (owner of the Calabar power station);
CHGC	Central Horizon Gas Company Limited;
Company	Savannah Energy PLC;
Committee(s)	The four sub-committees of the Board. Audit Committee; Remuneration Committee; Health, Safety, Environment, Security and Risk Committee; Compliance Committee;
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;
COTCo	Cameroon Oil Transportation Company;
CPF	Central Processing Facility;
CPR	Competent Persons Report - a CPR was compiled for the Niger and Nigeria Assets by CGG Services (UK) Ltd;
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, processing or extraction;
debottleneck	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;
ECOWAS	Economic Community of West African States
E&P	exploration and production;
EITI	Extractive Industries Transparency Initiative. (Savannah is a member);
EMEA	Europe, Middle East, and Africa;
EPF	Early Prduction Facility;
ESIA	Environmental and Social Impact Assessment;

ESG	environmental, social, and governance;
ETS	Export Transportation System;
exploration well	a well drilled to find hydrocarbons in an unproved area or to extend significantly a known oil or natural gas reservoir;
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;
FIPL	First Independent Power Limited (owner of the FIPL Afam, Eleme and Trans Amadi power plants);
FSO	floating storage and offloading facility;
FUN Manifold	the facilities for storing, handling and exporting crude oil from the Uquo, Stubb Creek and Qua Iboe Fields to the Qua Iboe terminal;
geophysical	measurement of the earth's physical properties to explore and delineate hydrocarbons by means of electrical, seismic, gravity and magnetic methods;
GDP	Gross Domestic Product;
GDPR	General Data Protection Regulation;
GHG	Greenhouse Gases;
gross resources	the total estimated petroleum that is potentially recoverable from a field or prospect;
Group	Savannah Energy PLC and its subsidiaries;
GSA	gas sales agreement;
1 Gt	gigatonne (1 gigatonne = 1 billion tonnes);
GW	gigawatt;
HRH	His/Her Royal Highness;
HSE	health, safety and environment;
HSE&S	health, safety, environment and security;
HSES&R	health, safety, environment, security and risk;
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;
international $	International dollars are a hypothetical currency that is used to make meaningful comparisons of monetary indicators of living standards. Figures expressed in international dollars are adjusted for inflation within countries over time, and for differences in the cost of living between countries. The goal of such adjustments is to provide a unit whose purchasing power is held fixed over time and across countries, such that one international dollar can buy the same quantity and quality of goods and services no matter where or when it is spent.
ICC	International Chamber of Commerce;
IDA	The World Bank's International Development Association;
IPC	Ibom Power Company Limited (owner of the Ibom power station);
Kboepd	thousands of barrels of oil equivalent per day;
Kbopd	thousands of barrels of oil per day;
km	kilometre;
km^2	square kilometres;
kt	kilotonne;
kV	kilovolt;
kWh	kilowatt hour;
Lafarge	Lafarge Africa PLC (owner of the Lafarge Mfamosing cement plant);
lead	an identified opportunity with sufficient support from geological analogues and the like to encourage further data acquisition and/or study on the basis that hydrocarbon accumulations may be found in the future;
licence	an exclusive right to search for or to develop and produce hydrocarbons within a specific area and/or a pipeline licence, as the context requires. Usually granted by the State authorities and may be time limited;
LTIP	Long-Term Incentive Programme;
LTIR	Lost Time Injury Rate;
M	thousand;
Matters reserved for the Board	This document sets out the powers reserved for the Board and not delegated to the Company's executive Directors;
Market Abuse Regulations	The Market Abuse Regulations means the retained version of the Market Abuse Regulation (EU) No 596/2014 on market abuse which applies in the UK following the end of the Brexit transition period;
MJ	megajoules;
MMboe	millions of barrels of oil equivalent;
MMbopd	millions of barrels of oil per day;

Glossary continued

MMscf	million standard cubic feet;
MMscfpd	millions of standard cubic feet per day;
MMstb	millions of standard stock tank barrels of oil;
MT	million tonnes;
Mtoe	million tonne of oil equivalent
Mscf	thousand standard cubic feet;
Mscfe	thousand standard cubic feet of gas equivalent;
MW	megawatt;
Notore	Notore Chemical Industries PLC;
Nationalisation	on 23 March 2023 and the subsequent promulgation in law on 31 March 2023, the Republic of Chad nationalised the interests of any kind of SCI located in Chad or arising from the conventions between SCI and the Republic of Chad in respect of the exploration, exploitation and transportation of hydrocarbons in Chad and the interests of any kind of SMIL, including the shares and rights held by SMIL in any branch office in Chad and any company having its principal place of business in Chad;
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;
Nigelec	Société Nigerienne d'Electricité - the Nigerien electric power generation and transmission utility;
Nigeria	Federal Republic of Nigeria;
Nigerian assets	the interest in the Uquo Gas Project owned by SEUGL, the interest in the Stubb Creek Field owned by Universal Energy Resources and the interest in the Accugas Midstream Business owned by Accugas Limited;
NGO	non-governmental organisation;
NPK	reflects the three elements found in NPK fertilisers, Nitrogen, Phosphorous and Potassium;
oil equivalent	international standard for comparing the thermal energy of different fuels;
OML	Oil Mining Licence, a licence granted to produce oil and gas in Nigeria;
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;
PIA	Petroleum Industry Act, enacted in 2021 to provide for the legal, governance, regulatory and fiscal framework for the Nigerian Petroleum Industry;
play	a project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects;
prospect	a project associated with a potential accumulation of oil or natural gas that is sufficiently well defined to represent a viable drilling target;
prospective resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects;
PSC	Production Sharing Contract;
PV10	Net Present Value of expected future cashflows discounted at 10% per annum
QCA code	Quoted Companies Alliance corporate governance code;
Quad BTU	quadrillion British thermal units;
R3 East Development or R3 East Early Production Scheme	comprises the development of Savannah main discoveries (i.e. Amdigh, Eridal, Bushiya and Kunama);
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);
RTAR	Road Traffic Accident Rate - (number of accidents/kilometres driven) * 200,000;
SASB	Sustainability Accounting Standards Board;
Savannah	Savannah Energy PLC and its subsidiaries;
SCI	Savannah Chad Inc.;
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;
SIPEC	Sinopec International Petroleum Exploration and Production Company Nigeria Limited;

SIPEC Acquisition	The agreement, announced post-year end on 19 March 2024, to acquire 100% of the outstanding share capital of SIPEC. SIPEC's principal asset is a 49% non-operated interest in the Stubb Creek Field where our affiliate, Universal Energy Resources Limited, is the 51% owner and operator;
SMIL	Savannah Midstream Investment Limited
SNG	Shell Nigeria Gas Limited;
South Sudan Acquisition	the proposed acquisition of PETRONAS International Corporation Limited's entire oil and gas business in South Sudan;
South Sudan Assets	the assets that Savannah proposes to acquire from PETRONAS International Corporation Ltd,as announced on 12 December 2022. These assets comprise interests in three Joint Operating Companies which operate Block 3/7 (40% working interest ("WI")), Block 1/2/4 (30% WI) and Block 5A (67.9% WI), in South Sudan.
SPDC	Shell Petroleum Development Company of Nigeria Limited;
stratigraphic	a mode of trapping hydrocarbons which is not dependent on structural entrapment;
Stubb Creek or Stubb Creek Field	the Stubb Creek marginal oil and gas field located in the OML 14 block, onshore Nigeria;
Stubb Creek EPF	early production facilities located at the Stubb Creek Field;
TCFD	Task Force on Climate-Related Financial Disclosures;
Transitional Facility	An agreement signed by Accugas with a consortium of five Nigerian banks to provide a new NGN340 billion Naira denominated four-year term facility which will be utilised to repay the Accugas US$ Facility;
TRIR	Total Recordable Incident Rate;
Tscf	trillion standard cubic feet;
Tertiary	geological strata formed during the period from 65 to 1.8 million years ago;
TOTCo	Tchad Oil Transportation Company;
UN SDG	Sustainable Development Goals, a series of 17 goals fixed by the United Nations and adopted by 193 countries in 2015;
Uquo CPF	the 200 MMscfpd gas processing facilities, owned by Accugas Ltd, and located at the Uquo Field;
Uquo Field	the Uquo marginal field located in the OML 13 block, onshore Nigeria;
Uquo Gas Project	the gas project at the Uquo Field;

Definitions

(a) **Total Revenues** are defined as the total amount of invoiced sales during the period. This number is seen by management as appropriately reflecting the underlying cash generation capacity of the business as opposed to Revenue recognised in the Consolidated statement of comprehensive income. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Consolidated statement of comprehensive income is provided in our 2020 Annual Report in the Financial Review section on page 56. Note that Total Revenues is not an audited number.

(b) **Remaining life of contract revenues** estimated on a maintenance adjusted take-or-pay basis including contributions from two of our customers: Calabar Generation Company Limited (owner of the Calabar power station), and the Lafarge Africa PLC (owner of the Lafarge Mfamosing cement plant). Note this is not an audited number.

(c) **Adjusted EBITDA** is calculated as profit or loss (excluding Other operating income), before finance costs, investment revenue, foreign exchange gains or loss, expected credit loss and other related adjustments, fair value adjustments, gain on acquisition, share-based payments, taxes, transaction costs, depreciation, depletion and amortisation and adjusted to include deferred revenue and other invoiced amounts. Management believes that the alternative performance measure of Adjusted EBITDA more accurately reflects the cash-generating capacity of the business.

(d) **Total contributions** to Nigeria and Niger defined as payments to governments, employee salaries and payments to local suppliers and contractors. Where total contributions refer to the period 2014–2023 they include contributions to Nigeria during the period pre-acquisition of the Nigerian assets by Savannah.

(e) **Investment grade** indicates credit support from an entity which holds an investment grade rating from either Standard & Poor's, Moody's or Fitch Ratings.

(f) **Operating expenses plus administrative expenses** are defined as total cost of sales excluding third party gas purchases, administrative and other operating expenses excluding royalty and depletion, depreciation and amortisation.

(g) **Net debt** is defined as Borrowings less Cash at bank and Restricted cash.

(h) **Leverage** is defined as Net debt divided by Adjusted EBITDA.

Footnotes

Section title	Footnotes
At a Glance Pages 2 and 3	1. This figure includes Savannah employees as at 31 December 2023 in France, Niger, Nigeria and the United Kingdom. 2. Savannah has entered into a Share Purchase Agreement with PETRONAS International Corporation Limited ("PETRONAS") to acquire PETRONAS' entire oil and gas business in South Sudan. The Transaction is conditional upon the satisfaction of certain conditions precedent including, inter alia, approval of the Government of the Republic of South Sudan, the approval of Savannah's shareholders and re-admission to trading on AIM taking effect. 3. Post year end on 19 March 2024 Savannah announced plans to acquire the outstanding share capital of Sinopec International Petroleum Exploration and Production Company Nigeria Limited ("SIPEC"). SIPEC's principal asset is a 49% non-operated interest in the Stubb Creek oil and gas field, in Akwa Ibom State, Nigeria. Savannah's Universal Energy Resources Limited affiliate is the 51% owner and operator of the Stubb Creek Field. The acquisition of SIPEC consolidates Savannah's interest in Stubb Creek. 4. Savannah's wholly owned subsidiary, Savannah Midstream Investment Limited ("SMIL"), has signed a Share Purchase Agreement with the national oil company of Cameroon, Société Nationale Des Hydrocarbures ("SNH") for the sale of 10% of the issued share capital in COTCo. Completion of the transfer of the shares from SMIL to SNH will result in SMIL's shareholding in COTCo reducing from 41.06% to 31.06%. Completion shall occur upon satisfaction of certain conditions precedent related to amendments to the Articles of Association of COTCo. 5. During the second half of 2023, in an attempt to take control of and deprive SMIL of its equity ownership, governance and operational rights in COTCo, the Republic of Chad, SHT Overseas Petroleum (Cameroon) Limited ("SHT"), COTCo and certain other shareholders of COTCo have undertaken a number of actions in breach of the Articles of Association of COTCo, the Services Agreement between COTCo and SMIL and Cameroonian law. SMIL has commenced arbitral and other legal proceedings against COTCo, the Republic of Chad, SHT Overseas Petroleum (Cameroon) Limited and the other shareholders of COTCo to seek full compensation for the loss that it has and may suffer as a result of actions in breach of SMIL's rights under the Articles of Association of COTCo and the Services Agreement.
Why invest in Savannah Pages 4 and 5	1. Source: IEA. 2. Post year end on 19 March 2024 Savannah announced plans to acquire the outstanding share capital of Sinopec International Petroleum Exploration and Production Company Nigeria Limited ("SIPEC"). SIPEC's principal asset is a 49% non-operated interest in the Stubb Creek oil and gas field, in Akwa Ibom State, Nigeria. Savannah's Universal Energy Resources Limited affiliate is the 51% owner and operator of the Stubb Creek Field. The acquisition of SIPEC consolidates Savannah's interest in Stubb Creek. 3. In 2017 Savannah entered exclusive discussions to acquire the Nigerian assets, this graph includes the period when Savannah had influence over running the assets before completion of the acquisition. 4. Carbon intensity figures based on the latest available published data reported by Eni and Total.
Strategy in action: Nigeria Pages 6 and 7	1. Savannah Energy SC Limited (a wholly owned subsidiary of Savannah) has agreed to acquire a 75% equity interest in SIPEC for cash consideration of US$52 million, payable on completion and subject to customary adjustments for a transaction of this nature from 1 September 2023. The Jagal SPA will see Savannah Energy SC Limited acquire a 25% equity interest in SIPEC for cash consideration of US$7.5 million (without adjustment), payable on completion, plus US$2 million in deferred cash consideration payable in eight equal quarterly instalments post-completion.
Why we do what we do Pages 10 to 19	1. Source: Gapminder.org. 2. Data is representative of the top 111 countries (with a population over 1 million) based on the amount of official aid received. Economic growth rates have been adjusted for inflation over the period. 3. Source: Interview with the Telegraph, 2013. 4. Source: Dead Aid: Why Aid is not working and how there is a better way for Africa.
CEO's letter Pages 20 to 26	1. Source: IMF April 2024. 2. Source: OECD November 2023. 3. Source: EIA, International Energy Outlook. 4. Source: IMF, Regional Economic Outlook: Sub-Saharan Africa, Light on the Horizon? October 2023 and Bloomberg, August 2023, Nigeria's Economic Policies Too Loose to Support Naira, IMF Says. 5. Source: ISS African Futures: 'Exchange rate pressures take a toll on sub-Saharan Africa'. 6. Source: S&P Capital IQ. 7. Savannah estimate based on the generation capacity of the power stations supplied by Accugas. 8. In 2017 Savannah entered exclusive discussions to acquire the Nigerian assets, this graph includes the period when Savannah had influence over running the assets before completion of the acquisition. 9. Carbon intensity figures based on the latest available published data reported by TotalEnergies and Eni. 10. Estimated on a normalised basis adjusted for the impact of the ECOWAS sanctions imposed between July 2023 and February 2024. 11. Competent Persons Report, R1234 Licence Area, Agadem Basin Niger, December 2021, CGG Services (UK) Ltd. Net Present Value discounted at 10%. 12. Cost of US$1.3/boe based on the effective date consideration payable to Sinopec and Jagal and Reserves and Resources estimate as at 1 September 2023. 13. Savannah's wholly owned subsidiary, Savannah Midstream Investment Limited ("SMIL"), has signed a Share Purchase Agreement with the national oil company of Cameroon, Société Nationale Des Hydrocarbures ("SNH") for the sale of 10% of the issued share capital in COTCo. Completion of the transfer of the shares from SMIL to SNH will result in SMIL's shareholding in COTCo reducing from 41.06% to 31.06%. Completion shall occur upon satisfaction of certain conditions precedent related to amendments to the Articles of Association of COTCo. 14. During the second half of 2023, in an attempt to take control of and deprive SMIL of its equity ownership, governance and operational rights in COTCo, the Republic of Chad, SHT Overseas Petroleum (Cameroon) Limited ("SHT"), COTCo and certain other shareholders of COTCo have undertaken a number of actions in breach of the Articles of Association of COTCo, the Services Agreement between COTCo and SMIL and Cameroonian law. SMIL has commenced arbitral and other legal proceedings against COTCo, the Republic of Chad, SHT Overseas Petroleum (Cameroon) Limited and the other shareholders of COTCo to seek full compensation for the loss that it has and may suffer as a result of actions in breach of SMIL's rights under the Articles of Association of COTCo and the Services Agreement. 15. Production drop from the time of nationalisation to May 2024 as stated by Tchad Petroleum Company SA. 16. Source: EIA. 17. Rystad estimates US$169bn of upstream asset value in Africa for Exxon, BP, Shell, Chevron, Total, Eni, Equinor and Repsol. 18. Source: World Bank. 19. Source: Human Development Report 2023/2024. 20. Source: IMF 2022. 21. Source: Our World in Data. 22. Source: IEA, World Energy Outlook. 23. Source: S&P Global Market Intelligence, S&P Global Ratings. 24. Source: IEA, Net zero by 2050. 25. Source: EIA, International Energy Outlook.

Footnotes continued

Section title	Footnotes
Featured article Professor Stefan Dercon Pages 27 to 31	1. The Africa Report, 2021. "Mo Ibrahim: Africa Is the Future of Global Growth", June. 2. Fund for Peace. 2023. Fragile States Index. Annual. Washington, DC: The Fund for Peace. 3. World bank. 2021. Doing Business Indicators. Annual. Washington DC: World Bank. 4. Meade, James E. 1961. Planning and the Price Mechanism: The Liberal-Socialist Solution. George Allen and Unwin Ltd. 5. Myrdal, Gunnar. 1956, Asian Drama: An Inquiry into the Poverty of Nations. Pantheon Book; and. Myrdal, Gunnar. 1967. "The Indonesian Dilemma: A Case Study in Political Instability and Economic Development." Economic Development and Cultural Change 15(3):281-312". 6. Throughout this contribution, I will use data up to and including 2019, as COVID-19 disrupted economies in various ways, but not necessarily in line with their fundamentals. I also report Gross Domestic Product (GDP) corrected for population size (per capita) including when reporting growth of GDP, to avoid misleading inference on changes of wealth and income of nations, simply based on total population size and growth. 7. Data from World Bank World Development Indicators, 1980-2020. 8. Data from World Development Indicators, World Bank. 9. Data in constant prices of 2015, from World Development Indicators, World Bank. 10. Acemoglu, Daron and James A. Robinson. 2012. Why Nations Fail: The Origins of Power, Prosperity and Poverty. Crown Publishers: New York. 11. Corruption indicators are an imperfect reflection of economic cost and consequences. The Transparency International Corruption Perception Index for 2022 ranks, out of 180 countries, Indonesia at position 110, below Ethiopia at 94. But Bangladesh, a fast-growing economy, ranks at 147 roughly the same as Nigeria, a stagnant economy (at 166). Deeper down the list, among the 20 countries with the highest perceived corruption, we find Sudan at 162, DR Congo at 166, Chad at 167, and South Sudan 178. 12. World Bank. 2008. The growth report: Strategies for sustained growth and inclusive development. Washington DC: The World Bank. 13. Donald Kabaruka is the former President of the African Development Bank and he spoke at an event on extreme poverty and fragility organised by the UK's FCDO, 12 October 2023. 14. Mancur Olsen 1971 The Logic of Collective Action 15. Dercon, Stefan. 2022. Gambling on Development: why some countries win and others lose. London: Hurst Publishers. This book is the basis for the rest of the analysis in this article. Additional references The Africa Report, 2023. "Guinea: Benny Steinmetz loses appeal in Swiss corruption case". 5 April. World Bank. 2022. Correcting Course. Poverty and Shared Prosperity Report 2022. Washington DC: World Bank.
Featured article Johan Norberg Pages 32 to 37	1. Andrew Kamarck, The Economics of African Development, Prager, 1967, p. 247. 2. William Easterly & Ross Levine, "Africa's growth tragedy: Policies and ethnic divisions", The Quarterly Journal of Economics, vol.112, no. 4, November 1997. 3. https://ourworldindata.org/grapher/gdp-per-capita-maddison?tab=chart&time=1950..2016&country=Sub-Saharan+Africa+%28MPD%29~OWID_WRL~East+Asia+%28MPD%29. 4. Michail Moatsos, "Global Extreme Poverty: Present and Past Since 1820", How Was Life Part II: New Perspectives on Well-Being and Global Inequality Since 1820, OECD, 2021. 5. Angus Deaton, The Great Escape, Princeton University Press, 2013, chap 7. 6. David Marchese, "Bono is Still Trying to Figure Out U2 and Himself", New York Times, 24 October 2022, Joe Jervis, "Bono Turns Up the Volume for Social Enterprise", The Guardian, 14 November 2012. 7. Yoweri Museveni, "How America Can Help Africa", Wall Street Journal, 24 May, 2002. 8. World Bank, Doing Business 2020. 9. https://www.internationalpropertyrightsindex.org. 10. https://pip.worldbank.org/home. 11. https://www.doingbusiness.org/content/dam/doingBusiness/pdf/db2020/DB20-FS-SSA.pdf. 12. Thomas Barnebeck Andersen and Carl-Johan Dalgaard, "Power Outages and Economic Growth in Africa", Energy Economics, Vol 38, 2013. 13. World Bank, "Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty", 2022. 14. IMF, World Economic Outlook, April 2018, Chap 4.
Business model Pages 38 and 39	1. Source: JP Morgan shareholder analysis 30 April 2024. 2. This figure includes Savannah employees as at 31 December 2023 in France, Niger, Nigeria and the United Kingdom. 3. This section discusses the principal aspects of the business model we expect to follow, based upon the typical life-cycle of oil and gas and renewable energy projects. This discussion is provided for illustrative purposes only and it should be noted that Savannah is not participating in projects at every stage of the respective project life-cycles as at the date of publication. 4. Includes investment in Nigeria during the period pre-acquisition of the Nigerian assets by Savannah. 5. Where payments to government refer to the period 2014–2023 they include payments to Nigeria during the period pre-acquisition of the Nigerian assets by Savannah.
Our Strategy and Key Performance Indicators Pages 40 and 41	1. Excludes up to 500 MW of renewable energy projects announced for Chad during 2022.
Stakeholder engagement Pages 42 to 45	1. This figure includes Savannah employees as at 31 December 2023 in France, Niger, Nigeria and the United Kingdom.

Section title	Footnotes

Business sector review: Hydrocarbons

Pages 46 to 59

1. Savannah's wholly owned subsidiary, Savannah Midstream Investment Limited ("SMIL"), has signed a Share Purchase Agreement with the national oil company of Cameroon, Société Nationale Des Hydrocarbures ("SNH") for the sale of 10% of the issued share capital in COTCo. Completion of the transfer of the shares from SMIL to SNH will result in SMIL's shareholding in COTCo reducing from 41.06% to 31.06%. Completion shall occur upon satisfaction of certain conditions precedent related to amendments to the Articles of Association of COTCo.
2. During the second half of 2023, in an attempt to take control of and deprive SMIL of its equity ownership, governance and operational rights in COTCo, the Republic of Chad, SHT Overseas Petroleum (Cameroon) Limited ("SHT"), COTCo and certain other shareholders of COTCo have undertaken a number of actions in breach of the Articles of Association of COTCo, the Services Agreement between COTCo and SMIL and Cameroonian law. SMIL has commenced arbitral and other legal proceedings against COTCo, the Republic of Chad, SHT Overseas Petroleum (Cameroon) Limited and the other shareholders of COTCo to seek full compensation for the loss that it has and may suffer as a result of actions in breach of SMIL's rights under the Articles of Association of COTCo and the Services Agreement.
3. Savannah has entered into a Share Purchase Agreement with PETRONAS International Corporation Limited ("PETRONAS") to acquire PETRONAS' entire oil and gas business in South Sudan. The Transaction is conditional upon the satisfaction of certain conditions precedent including, inter alia, approval of the Government of the Republic of South Sudan, the approval of Savannah's shareholders and re-admission to trading on AIM taking effect.
4. Source: IMF Datamapper, 2023.
5. Source: OPEC Annual Statistical Review 2023.
6. Source: Nigerian Electricity Regulatory Commission.
7. Source: Transmission Company of Nigeria (www.nsong.org).
8. Source: World Bank 2023.
9. Source: CIA World Fact Book 2022.

Business sector review: Renewable energy

Pages 60 to 65

1. Source: IEA: Africa Energy Outlook 2022.
2. Source: IMF Datamapper, 2023.
3. Calculation based on European Investment Bank (EIB) Project Carbon Footprint Methodologies, Methodologies for the Assessment of Project GHG Emissions and Emission Variations, July 2020.
4. Source: ILF 2023 Grid Study. Generation mix on annual basis in 2026.

Sustainability Review

Pages 66 to 89

1. Source: Gapminder, 2022.
2. Source: Centre for Strategic and International Studies, 2024.
3. Sources World Bank, EIA, The Economist.
4. Savannah calculations from IEA, IMF and Nigerien authorities sources.
5. Source: World Bank Report: "With Peace and Accountability, Oil and Agriculture Can Support Early Recovery in South Sudan".
6. Source: World Bank Gapminder, 2022.
7. Sources: World Bank, IEA Africa Energy Outlook, 2022.
8. This figure includes Savannah employees as at 31 December 2023 in France, Niger, Nigeria and the United Kingdom.
9. Freshwater use figures for 2021 and 2022 restated and Scope 2 emissions restated for 2022.
10. Carbon intensity figures based on the latest available published data reported by TotalEnergies and Eni.
11. Carbon intensity figures based on the latest available published data reported by TotalEnergies, Shell, bp and Eni.
12. Our UK Scope 2 emissions are calculated from electricity consumption meter readings and conversion factors to determine the contribution of CO^2, CH4 and N2O to total GHG emissions. Carbon intensity is calculated by dividing the annual electricity consumption by the number of UK employees.

Financial Review

Pages 96 to 99

1. Savannah's wholly owned subsidiary, Savannah Midstream Investment Limited ("SMIL"), has signed a Share Purchase Agreement with the national oil company of Cameroon, Société Nationale Des Hydrocarbures ("SNH") for the sale of 10% of the issued share capital in COTCo. Completion of the transfer of the shares from SMIL to SNH will result in SMIL's shareholding in COTCo reducing from 41.06% to 31.06%. Completion shall occur upon satisfaction of certain conditions precedent related to amendments to the Articles of Association of COTCo.
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Board of Directors

Pages 107 to 109

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

Audit Committee Report

Pages 115 and 116

1. Savannah's wholly owned subsidiary, Savannah Midstream Investment Limited ("SMIL"), has signed a Share Purchase Agreement with the national oil company of Cameroon, Société Nationale Des Hydrocarbures ("SNH") for the sale of 10% of the issued share capital in COTCo. Completion of the transfer of the shares from SMIL to SNH will result in SMIL's shareholding in COTCo reducing from 41.06% to 31.06%. Completion shall occur upon satisfaction of certain conditions precedent related to amendments to the Articles of Association of COTCo.
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Corporate Governance Report

Pages 112 to 114

1. This figure includes Savannah employees as at 31 December 2023 in France, Niger, Nigeria and the United Kingdom.

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www.carbonbalancedpaper.com
CBP025339

Savannah Energy plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Arena Smooth Extra White, an FSC® certified material. This document was printed by Park Communications using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

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