30 September 2020

Savannah Energy PLC
("Savannah" or "the Company")

2020 Half Year Results, Trading Update and Outlook for the Year

Savannah Energy PLC, the African-focused British independent energy company sustainably developing high quality, high potential energy projects in Nigeria and Niger, is pleased to announce its unaudited interim results for the six months ended 30 June 2020 together with a trading update up to 31 August 2020 and outlook for the FY 2020.

Andrew Knott, CEO of Savannah Energy, said:

"I believe that our first half results clearly demonstrate the transformation Savannah has undergone to become a cash generative business, benefitting from a long-dated, gas-biased revenue stream with no meaningful oil price exposure. I am pleased that we are able to reiterate our core FY 2020 Total Revenues (US$200m+) and cost guidance (US$68.0 – US$72.0m) today, while also reporting cash collections in the period to end of August of US$133.1m. Over 94% of our forward revenue guidance is derived from three gas sales agreements with a weighted average contracted life of 15 years.

As a company we are extremely cognisant of the challenging macro-economic backdrop and the critical role our projects play in our countries of operation. While we believe our business is strongly positioned at this time, we fully understand the importance of working in partnership with our project stakeholders to ensure "win-win" outcomes as we continue to develop our business. In this regard we continue to see strong growth potential in both of our core business units, with gas sales to new customers expected in Nigeria and new oil sales from the R3 East project in Niger following the installation of an Early Production System ("EPS") which is expected to commence by the end of FY 2021."

Key Highlights

- Total cash collections from the Nigerian Assets in the year-to-date period ended 31 August 2020 were US$133.1m (year-to-date period ended 31 August 2019: US$103.8m);
- Group cash balance of US$84.7m[1] and net debt of US$426.8m as at 31 August 2020;
- We reiterate our FY 2020 Total Revenues, Group Administrative and Operating Costs and Capital Expenditure guidance:
    - Total Revenues[2] of greater than US$200.0m;
    - Group Administrative and Operating Costs[3] of US$68.0m to US$72.0m;
    - Capital expenditure of up to US$45.0m;
- We reduce our FY 2020 Group Depreciation, Depletion and Amortisation guidance to US$35.0m – US$37.0m (from US$43.0m – US$45.0m), reflecting an increase in the estimated useful life of our infrastructure assets.

<u>H1 2020 Financial Highlights</u>

- H1 2020 Revenue of US$91.7m comprising US$83.6m of gas sales and US$8.1m of liquids sales (H1 2019[4] Revenue: Nil, Pro-forma[5] H1 2019 Revenue: US$70.3m);
- Contract liabilities (or "Deferred Revenue") related to invoiced sales and recognised in the Statement of Financial Position as at 30 June 2020 increased by US$22.9m in H1 2020, resulting in Total Revenues[2] of US$114.6m in H1 2020, in line with FY 2020 guidance of Total Revenues greater than US$200.0m;
- Average realised gas price of US$3.9/Mscf and an average realised liquids price of US$48.3/bbl;

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[1] Within cash balance of US$84.7m, US$34.9m is set aside for debt service and US$1.6m relates to monies held in escrow accounts for stamp duty relating to loan security packages.

[2] Total Revenues is defined as the total amount of invoiced sales during the period. This number is seen by management as more accurately reflecting the underlying cash generation capacity of the business as opposed to Revenue recognised in the Income Statement. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Income Statement is provided in the Financial Review section of the Savannah Annual Report and Accounts 2019.

[3] Group Administrative Expenses and Operating Costs are defined as total cost of sales, administrative and other operating expenses less royalty and depletion, depreciation and amortisation.

[4] H1 2019 numbers do not include operations in Nigeria as Company only completed the acquisition of the Nigerian Assets in November 2019.

[5] Proforma numbers are calculated to show impact as if the Nigerian Assets had been owned from 1 January 2019.

- Group Administrative Expenses and Operating Costs[3] of US$22.7m (H1 2019: US$4.3m). With our original FY 2020 guidance having anticipated cost expenditures weighted into H2 2020 and an associated FY contingency, FY guidance of US$68.0m-US$72.0m has been maintained;
- EBITDA[6] of US$66.8m (H1 2019: negative US$10.5m, Pro-forma H1 2019 EBITDA: US$30.0m);
- Group Depreciation, Depletion and Amortisation of US$18.9m (H1 2019: US$0.4m);
- H1 2020 maiden profit after tax of US$1.8m (H1 2019: loss US$3m);
- Capital expenditure of US$1.8m (H1 2019: US$2.5m). With our original FY 2020 guidance envisioning a number of capital projects which may be implemented in H2 2020, FY guidance of up to US$45m has been maintained;
- Total cash collections from the Nigerian Assets in H1 2020 were US$82.1m compared to US$55.3m in H1 2019;
- Group cash balance of US$53.3m[7] as at 30 June 2020 (31 December 2019: US$48.1m); and
- Group net debt of US$460.5m as at 30 June 2020, after a fair value adjustment of US$3.7m (see Note 10 in the Condensed Consolidated Interim Financial Statements) (31 December 2019: US$484.0m).

<u>H1 2020 Operational Highlights</u>

Nigeria

- Average gross daily production, of which 88.8% was gas, increased 17.7% during H1 2020 to 21.3 Kboepd (H1 2019: 18.1 Kboepd). This includes a 22.4% increase in production from the Uquo gas field compared to the same period last year, from 92.7 MMscfpd (15.4 Kboepd) to 113.5 MMscfpd (18.9 Kboepd);
- Achievement of an all-time Nigerian Assets gas production record of 177 MMscfpd on 30 May 2020;
- Accugas' customers achieved an all-time record peak contribution of 11.5% of Nigeria's electricity generation or 486MW on 23 May 2020, with the contributed electricity being exclusively generated from Accugas sales gas;
- On 31 January 2020, Accugas entered into the first new gas sales agreement for the business in over five years with First Independent Power Limited ("FIPL"), an affiliate company of the Sahara Group, for the provision of gas to the FIPL Afam power plant. Accugas is in the process of working with FIPL to validate the third-party infrastructure required to enable the commencement of gas sales under this contract; and
- In June 2020, Accugas signed a term sheet with a significant new industrial gas sales customer, a subsidiary of a well-respected international company, for an initial quantity of up to 5 MMscfpd of gas for an initial five-year period.

Niger

- Updated Competent Person's Report for the Niger assets compiled by CGG Services (UK) Ltd was published on 1 May 2020, certifying 35MMstb of Gross 2C Resources for the R3 East discoveries with an additional 90MMstb of Gross Unrisked Prospective Resources (Best case) within tie-in distance of the planned R3 East facilities, and a 2C case economic break-even oil price estimated at US$26.0/bbl;
- Agreement reached with the Niger Ministry of Petroleum to combine the R4 area with the R1/R2 PSC Area into a new R1/R2/R4 PSC, extending the licences for a further 10 years and retaining the full acreage position previously covered by the R1/R2 PSC and the R3/R4 PSC, and that the R3 PSC area will continue as a stand-alone PSC area. Ratification of these changes is subject to Council of Minister approval and payment of the associated fee;
- Plans for delivering the R3 East development continue to progress with the intention to commence installation of an EPS by the end of FY 2021, market conditions and financing permitting; and
- Significant further potential on the Savannah PSC areas remains, with 146 further potential exploration targets having been identified for future drilling consideration.

<u>Post Period Summary/2020 YTD Trading Update</u>

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

[7] Within cash balance of US$53.3m, US$34.9m is set aside for debt service and US$1.6m relates to monies held in escrow accounts for stamp duty relating to loan security packages.

- Average gross daily Nigeria production in the year-to-date period ended 31 August 2020 of 20.4 Kboepd (2019: 17.6 Kboepd), of which 88.2% was gas, including a 19.3% increase in production from the Uquo gas field compared to the same period last year, from 90.5 MMscfpd (15.1 Kboepd) to 108.0 MMscfpd (18.0 Kboepd);
- Group cash balance of US$84.7m[1] and net debt of US$426.8m as at 31 August 2020;
- In August 2020 the Company announced that a total of 10,998,844 Savannah ordinary shares (1.1% of total issued shares) were purchased by directors of the Company, thereby demonstrating their confidence in the significant future potential of the business; and
- Savannah published its first sustainability review as part of the 2019 Annual Report and commented on plans to undertake a review of its approach to Environmental, Social and Governance ("ESG") reporting during 2020 with a view to developing and implementing a new ESG performance reporting framework for the group.

<u>Guidance for FY 2020</u>

- We reiterate our FY 2020 Total Revenues, Gross Production, Group Administrative and Operating Costs and Capital Expenditure guidance:
  - Total Revenues of greater than US$200.0m;
  - Gross Production of 21.0 Kboepd to 23.0 Kboepd;
  - Group Administrative and Operating Costs[3] of US$68.0m to US$72.0m;
  - Capital expenditure of up to US$45.0m;
- We reduce our FY 2020 Group Depreciation, Depletion and Amortisation guidance to US$35.0m – US$37.0m (from US$43.0m – US$45.0m), reflecting an increase in the estimated useful life of our infrastructure assets.

For further information, please refer to the Company's website www.savannah-energy.com or contact:

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The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No. 596/2014, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

About Savannah Energy:

Savannah Energy PLC is an AIM market listed African-focused British independent energy company sustainably developing high quality, high potential energy projects in Nigeria and Niger, with a focus on delivering material long term returns for stakeholders. In Nigeria, the Company has controlling interests in the cash flow generative Uquo and Stubb Creek oil and gas fields, and the Accugas midstream business in South East Nigeria, which provides gas to over 10% of Nigeria's available power generation capacity. In Niger, the Company has interests in two large PSC areas located in the highly oil prolific Agadem Rift Basin of South East Niger, where the Company has made five oil discoveries and seismically identified a large exploration prospect inventory, consisting of 146 exploration targets to be considered for potential future drilling activity.

Further information on Savannah Energy PLC can be found on the Company's website: www.savannah-energy.com.

H1 2020 Operational Review

Nigeria

We assumed operatorship of the Accugas gas processing facility and the FUN Manifold crude gathering station in South East Nigeria in January and April this year respectively with the successful integration of staff and activities into the enlarged Savannah group.

Average gross daily production from the Nigerian Assets increased 17.7% in H1 2020 to an average of 21.3 Kboepd versus 18.1 Kboepd for H1 2019. This includes a 22.4% increase in production from the Uquo gas field compared to the same period last year, from 92.7 MMscfpd (15.4 Kboepd) to 113.5 MMscfpd (18.9 Kboepd). H1 2020 Uquo gas field production of 18.9 Kboepd represented 88.8% of total 21.3 Kboepd production in H1 2020. Continuous uninterrupted production was achieved throughout the period.

Nigeria Average Gross Daily Production

	Uquo Gas (MMscfpd)	Uquo Condensate (bopd)	Stubb Creek Oil (Kbopd)	Total (Kboepd)
1 January-30 June 2020	113.5	142.9	2.3	21.3
% of total production	*88.8%*	*0.7%*	*10.8%*	*100.0%*
1 January-30 June 2019	92.7	140.3	2.5	18.1
% of total production	*85.4%*	*0.8%*	*13.8%*	*100.0%*
% Increase	*22.4%*	*1.9%*	*-8.0%*	*17.7%*

Gas production levels are driven by customer nomination levels. In H1 2020, Accugas increased gas supply to the Nigeria power sector by 35% versus Q4 2019. This compares to wider industry performance which saw the gas shortage to supply the Nigerian power grid increasing by 33% versus Q4 2019[8]. On 30 May 2020 Savannah achieved an all-time Nigerian Assets gas production record of 177 MMscfpd. On 23 May 2020 Accugas customers achieved an all-time record peak contribution of 11.5% of Nigeria's electricity generation or 468MW, with the contributed electricity being exclusively generated from Accugas sales gas.

As announced on 31 January 2020, Accugas entered into the first new gas sales agreement for the business in over five years with FIPL in relation to the provision of gas sales to its Afam power plant in Rivers State, Nigeria. FIPL is an affiliate company of Sahara Group, a leading international energy and infrastructure conglomerate with operations in over 38 countries across Africa, the Middle East, Europe and Asia.

In June 2020, Accugas signed a term sheet with a significant new industrial gas sales customer, a subsidiary of a well-respected international company, for an initial quantity of up to 5 MMscfpd of gas for an initial five-year period.

Planning is underway for the drilling of a new production well in the Uquo field and we have commenced preparations for ordering compression equipment for the Accugas gas processing plant. Both of these projects will ensure our continued ability to deliver gas at current and anticipated future increased contracted volumes to satisfy customer demand.

Niger

Following a successful exploration drilling programme in 2018 on the R3 East portion of the R3/R4 PSC, an agreement was reached with the Niger Ministry of Petroleum to combine the R4 area with the R1/R2 PSC Area into a new R1/R2/R4 PSC, extending the licences for a further 10 years and retaining the full acreage position previously covered by the R1/R2 PSC and the R3/R4 PSC. The R3 PSC area will continue as a stand-alone PSC area. Ratification of these changes is subject to Council of Minister approval and payment of the associated fee.

To deliver the R3 East development, Savannah intends to commence installation of an Early Production System by the end of FY 2021, market conditions and financing permitting, and intends to deliver its initial production of 1.5 Kbopd to the Zinder refinery in Niger. Significant further potential on the Savannah PSC areas remains, with 146 further potential exploration targets having been identified for future drilling consideration, as per the updated Niger CPR announced on 1 May 2020.

[8] Source: Daily National Control Centre report from the Transmission Company of Nigeria.

In September 2019, the Transportation Convention was signed between China National Petroleum Corporation ("CNPC") and the Republic of Niger in relation to a crude oil export pipeline from the ARB to the Atlantic coast in Benin. The Pipeline is expected to run for approximately 2,000km from the ARB in Niger to Port Seme on the Atlantic coast in Benin. Pipeline construction is now expected to complete in 2022, which should further allow Savannah to monetise the planned future ramp-up in oil production from its discoveries.

ESG Reporting Update

Savannah published its first sustainability review as part of the 2019 Annual Report in which the Company's Accugas subsidiary reported its ESG performance in relation to the key requirements of the International Finance Corporation's eight Performance Standards and the World Bank's Environmental, Health & Safety Guidelines.

The Company also commented on plans to undertake a holistic review of its approach to sustainability reporting during 2020, with a view to harmonising and enhancing our approach across the enlarged Group. Following the review, Savannah plans to develop and implement an ESG performance reporting framework for the Group which will then be published as part of an annual sustainability review.

H1 2020 Financial Review

The Group reports a maiden profit of US$1.8 million for the six months ended 30 June 2020. This result was driven by the acquisition of our Nigerian Assets which completed in November 2019.

The results are underpinned by the sale of gas to three gas customers in Nigeria averaging 118 MMscfpd and sales of oil and condensate at an average rate of 890 bopd.

In Niger, we continue to progress plans for our Early Production Scheme to bring our exploration discoveries in the R3 area into production.

Result for H1 2020

The table below provides an overview of our results and includes a pro-forma summary for the corresponding period in 2019 to show the comparative performance as if the Nigerian Assets had been owned from the beginning of 2019.

Table of financial highlights

	Six months ended 30 June 2020 US$ million	**Pro-forma Six months ended 30 June 2019[1] US$ million**	**Six months ended 30 June 2019 US$ million**
Revenue	91.7	70.3	-
Operating profit/(loss)	47.9	3.3	(10.9)
Profit/(loss) before tax	1.2	(35.2)	(3.0)
Profit/(loss) after tax	1.8	3.4	(3.0)
EBITDA[2]	66.8	30.0	(10.5)
Difference between invoiced sales and Revenue	22.9	25.2	-

[1] As calculated from financial information in Savannah's Supplemental Admission Document dated 30 April 2020.

[2] EBITDA is calculated as profit or loss before finance costs, finance income, foreign exchange gains or losses, fair value adjustments, gain on acquisition, taxes, depreciation, depletion, and amortisation.

As disclosed in previous announcements, it is important to note the impact of take-or-pay accounting rules under IFRS 15 on our Income Statement as regards to revenue recognition for our gas sales agreements. The table above shows revenue of US$91.7 million recognised in our Income Statement and additional invoiced sales of US$22.9 million for the gas that customers are committed to pay for, but we have not yet delivered, under the terms of our take-or-pay gas sales agreements, which combine to show the total value that we have invoiced during the period.

The Group's operating profit for the six months ended 30 June 2020 was US$47.9 million, a significant increase compared to the pro-forma result of US$3.3 million in H1 2019. This increase was driven by a US$21.4 million increase in revenues due to increased gas offtake by customers, reduced depletion and depreciation of US$8 million and Expected Credit Loss charge falling from US$13.5 million to nil as a result of improved customer cash collections.

The Group's net profit after tax for the six months ended 30 June 2020 was US$1.8 million representing a maiden Group profit (2018: loss US$3.0 million).

EBITDA for the six months ended 30 June 2020 was US$66.8 million (June 2019: EBITDA loss of US$10.5 million), highlights the robust cash generation from the Nigerian Assets. For indicative purposes, if the Nigeria Assets had been owned from the beginning of 2019, the pro-forma EBITDA for the corresponding six months ended 30 June 2019 would have been US$30.0 million.

Statement of Comprehensive Income

Sales Volumes

Sales volumes during H1 2020, which were all derived from the Nigerian Assets, amounted to a total of 21.5 Bscf of gas and 163,000 bbl of oil and condensate, net to Savannah, at an average rate of 20.6 Kboepd during the period.

Gas produced from the Uquo field was sold to three customers, Calabar NIPP, Unicem and Ibom Power. The oil sales from the Stubb Creek field and condensate sales from the Uquo gas field were sold to a subsidiary of ExxonMobil.

Revenue

Revenue during the period amounted to US$91.7 million (H1 2019: nil) of which US$83.6 million was for gas sales and US$7.9 million for oil and condensate sales. At our Accugas processing facilities we are now processing a small volume of crude oil for a third party, which generated revenue of US$0.2 million.

The table below summarises the sales volumes, average prices achieved and revenue for H1 2020

	Sales volumes	**Average price**	**Revenue US$ million**
Gas Oil and condensate Crude oil processing	21,476 Mscf 163,000 bbl -	US$3.9/Mscf US$48.3/bbl -	83.6 7.9 0.2
Total	3.7 MMboe	US$24.5/boe or US$4.1/Mscfe	91.7

The table below summarises the sales volumes, average prices achieved and revenue for pro-forma H1 2019

	Sales volumes	**Average price**	**Revenue US$ million**
Gas Oil and condensate Crude oil processing	18,100 Mscf 112,000bbl -	US$3.6/Mscf US$54.0/bbl -	64.3 6.0 -
Total	3.1 MMboe	US$22.5/boe or US$3.7/Mscfe	70.3

The gas revenue stream is insulated from fluctuations in oil prices as the gas contracts are all priced independently of oil prices with escalation clauses related to US consumer price inflation. Additionally, 94% of the gas sales are backed by investment grade credit guarantees, including a World Bank supported Partial Risk Guarantee in the case of the Calabar NIPP gas sales agreement.

Total Revenues (a non-GAAP financial metric)

The table below shows the calculation of Total Revenues, a non-GAAP financial metric. Total Revenues is defined as the total amount of invoiced sales during the period (described in detail in the Financial Review of the Savannah Annual Report and Accounts 2019). The Total Revenue is US$114.6 million, a figure which management believes provides the most meaningful presentation of the cash generative capability of our assets. There is a difference between invoiced sales and revenue. This amount is invoiced and recorded as deferred revenue in the Statement of Financial Position, under contract liabilities.

	Six months ended 30 June 2020 US$ million	Pro-forma Six months ended 30 June 2019 US$ million
Revenue for gas	83.6	64.3
Revenue for liquids	8.1	6.0
Revenue (as per Income Statement)	91.7	70.3
Difference between invoiced sales and Revenue (Deferred Revenue)	22.9	25.2
Total Revenues	114.6	95.5

Cost of Sales

Cost of sales amounted to US$32.3 million (H1 2019: nil) which includes US$11.8 million of facility operating and maintenance costs, US$2.2 million of royalty expenses and US$18.3 million of depletion and depreciation (of which US$9.3 million was for upstream assets depleted on a unit of production basis and US$9.0 million for midstream infrastructure assets which are depreciated on a straight line basis over their estimated useful life). Following a review of the condition and durability of the gas transportation pipelines in Nigeria, it has been concluded that their useful operating life is 40 years, which is in line with industry estimates on pipeline useful life, whereas the operating life was previously estimated at 25 years. As a result, this has reduced the depreciation charge during H1 2020 by US$4.2 million had the life of the pipeline not being extended. This change is what has driven the change in our FY 2020 guidance from US$43.0 million – US$45.0 million to US$35.0 million – US$37.0 million.

Administrative and other operating expenses

Administrative and other operating expenses for the period were US$11.5 million (H1 2019: US$4.3 million). This amounted to US$0.5/Mscfe (US$3.1/boe).

Together with operating costs noted above this gives a total operating plus administration and other operating expenses unit cost of US$1.1/Mscfe (US$6.3/boe), which compares favourably with our average sales price of US$4.1/Mscfe (US$24.5/boe).

Financing Costs

Finance costs of US$36.3 million (H1 2019: US$0.7 million) were partially offset by finance income of US$0.4 million (H1 2019: US$0.7 million). The significant increase in finance costs is a result of the full period impact of the debt that was assumed on acquisition of the Nigerian Assets.

Of the total finance costs, interest on bank borrowings and loan notes amounted to US$32.0 million, and the weighted average interest rate on these borrowings was 11.9%.

Foreign Translation Loss

The net foreign exchange loss of US$7.1 million (H1 2019: nil) comprises a realised loss of US$8.8 million and an unrealised gain of US$1.7 million. The realised loss arises mainly from the fact that US dollar denominated gas sales are collected in local currency converted at the Central Bank of Nigeria ("CBN") official rate. In order to purchase US dollars to service US dollar obligations, Savannah is obliged to use the Nigerian Autonomous Foreign Exchange rate ("NAFEX"), which is the benchmark rate for foreign exchange spot operations in the Investors' and Exporters' foreign exchange window. At the start of 2020 the CBN exchange rate was approximately 306 Naira/US$ and the NAFEX rate was approximately 360 Naira/US$, a 15% differential, however in March 2020 the CBN increased its exchange rate to N360/US$ which reduced the differential between the CBN and NAFEX rates to 7%. Since period end the rate has been further adjusted to N380/US$ reducing the differential to around 2%, which is in line with the objective stated by the Nigerian Government to unify these two rates. These realised losses are in part recoverable over time through a foreign exchange "true-up" clause in the Calabar NIPP Gas Sales Agreement whereby realised foreign exchange losses on this contract may subsequently be invoiced back to Calabar and recovered and recognised as a reduction in foreign exchange losses.

Transaction costs

There were no transaction costs incurred in H1 2020. In H1 2019 the Group incurred transaction costs of US$6.6 million in relation to the acquisition of the Nigerian Assets.

Fair value adjustment

As part of the financing associated with the acquisition of the Nigerian Assets in November 2019, the Group issued a Senior Secured Notes of US$20.0 million. The note includes a voluntary prepayment option whereby early repayment will result in a discount to the contractual loan value. As an embedded derivative, the option was separated from the host loan instrument and valued separately. As at 30 June 2020 the option value was US$3.4 million (31 December 2019: US$7.1 million), resulting in a non-cash charge to the income statement of US$3.7 million.

In the prior period, the Group recognised a fair value gain amounting to US$7.9 million on its Long-term financial asset: the 10.25% Senior Secured Notes that were acquired from the Seven Energy Group in 2018. These notes were subsequently contributed as part of the consideration for the Nigerian Assets and entities.

Taxation

The tax credit of US$0.6 million (H1 2019: nil) is made up of a current tax charge of US$1.7 million and a deferred tax credit of US$2.3 million. The current tax charge principally arises on Nigerian profits. The deferred tax credit principally arises on deferred capital allowances on the Nigerian Assets which are expected to be utilised against future profits.

Profit after Tax

The Profit after tax amounted to US$1.8 million (H1 2019 loss: US$3.0 million). Readers are reminded that this number includes the US$3.7 million fair value adjustment and excludes US$22.9 million of Deferred Revenue recorded as Contract liability in the Statement of Financial Position. Of the Profit after tax of US$1.8 million, US$0.1 million is attributable to minority shareholder interests and US$1.7 million to equity owners of the Company.

Statement of Financial Position

Total Assets

Property, plant and equipment amounted to US$600.7 million (31 December 2019: US$618.3 million), which reduced as a result of depreciation and depletion of US$18.6 million offset by capital expenditures of US$1.0 million, with most of the activities scheduled for H2 2020. Property, plant and equipment comprised of US$443.8 million relating to the midstream gas processing and transportation infrastructure assets in Accugas and US$155.3 million to the upstream oil and gas assets plus other assets of US$1.6 million. Total assets amounted to US$1,164.4 million (31 December 2019: US$1,145.0 million).

Debt

Group net debt of US$460.5m as at 30 June 2020, after a fair value adjustment of US$3.7m (see Note 10 in the Condensed Consolidated Interim Financial Statements) (31 December 2019: US$484.0 million). De-leveraging is continuing with the principal amount of debt reduced by approximately US$22 million during H1 2020.

Cash

Total cash balance of US$53.3 million as at 30 June 2020, of which US$34.9 million is set aside for debt service and US$1.6 million relates to monies held in escrow accounts for stamp duty relating to loan security packages (31 December 2019 cash balance: US$46.3 million).

Receivables

The Group has trade and other receivables of US$131.0 million (31 December 2019: US$99.8 million). The trade receivables and contract assets of US$82.4 million (31 December 2019: US$50.4 million) represent a net increase of US$32.0 million due from customers in Nigeria under the current gas sales agreements in place, with cash collections during July and August of US$49.3 million. It should be noted that by end of August 2020, the receivables balance had reduced to US$106.1 million following receipt of cash from customers.

Payables

The Group has trade and other payables of US$151.8 million (31 December 2019: US$133.9 million).

Statement of Cashflows

The net cash inflow from operating activities was US$45.6 million (H1 2019 cash outflow: US$10.1 million) which was driven by cash inflows from operations in Nigeria. During the period, payments for property plant and equipment and exploration and evaluation payments totalled US$1.0 million (H1 2019: US$3.6 million).

Financing outflows during the period amounted to US$39.2 million (H1 2019 inflow: US$20.9 million). This comprised US$18.1 million of interest payments (H1 2019: nil), US$3.0 million finance costs and fees (H1 2019: US$0.3 million), offset by US$3.8 million borrowing proceeds (H1 2019: US$6.4 million), and US$22.1 million (H1 2019: US$7.3 million) of debt repayments. In H1 2019 the Group received proceeds of US$22.1 million from an equity shares issue.

Brexit

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

COVID-19

We are taking measures to mitigate the business impact associated with the ongoing COVID-19 pandemic, which has sadly emerged this year. Whilst the pandemic continues to present challenges across our workforce and suppliers, we have continued to run our operations continuously. However, we have witnessed some short-term impacts on our supply chain and planned work programmes particularly where overseas vendors and contractors are required to make visits to install and commission equipment.

Going concern

Having reviewed the forecasted cashflows and applied a significant range of sensitivity analyses to these projections, the Directors consider that the Group has sufficient resources at its disposal to continue operating for the foreseeable future.

Isatou Semega-Janneh

Chief Financial Officer & Company Secretary

30 September 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	Six months ended 30 June 2020 Unaudited	Six months ended 30 June 2019 Unaudited
Revenue	4	91,676	-
Cost of sales	5	(32,293)	-
Gross profit		**59,383**	**-**
Administrative and other operating expenses	6	(11,456)	(4,299)
Transaction costs	6	-	(6,632)
Operating profit/(loss)	6	**47,927**	**(10,931)**
Finance income	7	354	716
Finance costs	8	(36,291)	(681)
Fair value adjustment	10	(3,674)	7,896
Foreign translation loss	9	(7,092)	-
Profit/(loss)before tax		**1,224**	**(3,000)**
Tax credit/(expense)	11	584	(3)
Net profit/(loss) and total comprehensive profit/(loss)		**1,808**	**(3,003)**
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		1,712	(2,741)
Non-controlling interests		96	(262)
		1,808	**(3,003)**
Earnings per share			
Basic (US$)	12	0.00	(0.00)
Diluted (US$)	12	0.00	(0.00)

All results derive from continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020 US$'000 Unaudited	31 December 2019 US$'000 Audited
Assets			
Non-current assets			
Property, plant and equipment	13	600,664	618,286
Exploration and evaluation assets		155,500	154,745
Deferred tax assets		211,697	209,363
Right-of-use assets		3,064	4,183
Restricted cash		1,635	1,828
Finance lease receivable		795	-
Total non-current assets		973,355	988,405
Current assets			
Inventory		1,974	4,020
Trade and other receivables	14	131,038	99,771
Prepayments		6,365	6,561
Cash and cash equivalents		51,671	46,256
Total current assets		191,048	156,608
Total assets		**1,164,403**	**1,145,013**
Equity and liabilities			
Capital and reserves			
Share capital	15	1,393	1,393
Share premium	15	61,204	61,204
Capital contribution		458	458
Share based payment reserve		6,766	6,448
Retained earnings		166,597	164,885
Equity attributable to owners of the Group		236,418	234,388
Non-controlling interests		(2,887)	(2,983)
Total equity		233,531	231,405
Non-current liabilities			
Other payables	16	-	7,500
Borrowings	17	442,980	460,665
Long term lease liabilities		4,731	4,956
Provisions		110,408	109,503
Contract liabilities	18	141,552	118,052
Total non-current liabilities		699,671	700,676
Current liabilities			
Trade and other payables	16	151,842	133,899
Borrowings	17	70,828	71,387
Tax liabilities		4,900	3,090
Short term lease liabilities		696	614
Contract liabilities	18	2,935	3,942
Total current liabilities		231,201	212,932
Total equity and liabilities		**1,164,403**	**1,145,013**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June 2020 US$'000 Unaudited	Six months ended 30 June 2019 US$'000 Unaudited
Cash flows from operating activities		
Profit/(loss) before tax	1,224	(3,000)
Adjustments for:		
Depreciation	602	440
Depletion	18,310	-
Finance costs	36,064	-
Fair value adjustment	3,674	(7,896)
Unrealised foreign exchange (gain)/loss	(1,659)	-
IFRS 16 sub-lease recognition	71	-
Share option charge	318	274
Operating cash flows before movements in working capital	58,604	(10,182)
Increase in trade and other receivables	(29,248)	(422)
(Decrease)/increase in trade and other payables	(6,113)	580
Increase in contract liabilities	22,293	-
Income tax rebates/(payments)	60	(3)
Net cash from/(used in) operating activities	**45,596**	**(10,027)**
Cash flows from investing activities		
Payments for property, plant and equipment	(901)	(186)
Payments for exploration and evaluation assets	(68)	(3,428)
Sub-lease rental income	11	-
Loan to Seven Energy International Limited	-	(6,368)
Net cash used in investing activities	**(958)**	**(9,982)**
Cash flows from financing activities		
Interest payments	(18,062)	-
Finance fees	(3,006)	(273)
Proceeds from issues of equity shares, net of issue costs	-	22,136
Borrowing proceeds	3,835	6,413
Borrowing repayments	(22,107)	(7,299)
Finance lease payments	(76)	(114)
Cash transferred from restricted cash accounts	193	-
Net cash (used in)/from financing activities	**(39,223)**	**20,863**
Net increase in cash and cash equivalents	5,415	854
Cash and cash equivalents at beginning of period	46,256	1,750
Cash and cash equivalents at end of period	**51,671**	**2,604**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Share capital	Share premium	Capital contribution	Other reserves	Share based payment reserve	Retained earnings	Total	Non-controlling interest	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2020 (audited)	**1,393**	**61,204**	**458**	**-**	**6,448**	**164,885**	**234,388**	**(2,983)**	**231,405**
Equity-settled share-based payments	-	-	-	-	318	-	**318**	-	**318**
Profit for the period and total comprehensive profit	-	-	-	-	-	1,712	**1,712**	96	**1,808**
Balance at 30 June 2020 (unaudited)	**1,393**	**61,204**	**458**	**-**	**6,766**	**166,597**	**236,418**	**(2,887)**	**233,531**

	Share capital	Share premium	Capital contribution	Other reserves	Share based payment reserve	Retained earnings	Total	Non-controlling interest	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2019 (audited)	**1,240**	**-**	**458**	**(4,989)**	**5,908**	**225,679**	**228,296**	**(491)**	**227,805**
Adjustment due to adoption of IFRS 16	-	-	-	-	-	(450)	(450)	-	(450)
Issue of ordinary shares to shareholders, net of issue costs	79	22,058	-	-	-	-	22,137	-	22,137
Equity-settled share-based payments	-	-	-	-	274	-	274	-	274
Warrants expired	-	-	-	4,989	-	(4,989)	-	-	-
Loss for the period and total comprehensive loss	-	-	-	-	-	(2,741)	(2,741)	(262)	(3,003)
Balance at 30 June 2019 (unaudited)	**1,319**	**22,058**	**458**	**-**	**6,182**	**217,499**	**247,516**	**(753)**	**246,763**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Savannah Energy PLC ("Savannah" or "the Company") and its subsidiaries (together, the "Group") was incorporated in the United Kingdom on 3 July 2014. On 16 April 2020, the Company changed its name from Savannah Petroleum PLC to Savannah Energy PLC.

Savannah's sole activity, until 14 November 2019, was the management of its investment in Savannah Petroleum 1 Limited ("SP1"). SP1's principal activity is the management of its investment in Savannah Petroleum 2 Limited ("SP2"), and the provision of services to other companies within the Group. SP2 has a 95% interest in Savannah Petroleum Niger SA ("Savannah Niger") whose principal activity is the exploration of hydrocarbons in the Republic of Niger.

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

The Company is domiciled in the UK for tax purposes and its shares were listed on the Alternative Investments Market ("AIM") of the London Stock Exchange on 1 August 2014. The Company's registered address is 40 Bank Street, London, E14 5NR.

2. Accounting policies

Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The provisions of IAS 34: Interim Financial Reporting have not been applied.

The condensed consolidated financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 Annual Report. The financial information for the six months ended 30 June 2020 does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and is unaudited.

The annual financial statements of Savannah Energy PLC are prepared in accordance with IFRSs as adopted by the European Union. The Independent Auditors' Report on that Annual Report and financial statements for 2019 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The Group's statutory financial statements for the year ended 31 December 2019 will shortly be filed with the Registrar of Companies.

All the Group's subsidiaries' functional currency is US Dollars ("US$"), and the consolidated financial statements are presented in US Dollars and all values are rounded to the nearest thousand (US$'000), except when otherwise stated.

The financial information presented herein has been prepared in accordance with the accounting policies used in preparing 2019 Annual Report. There are no other new or amended standards or interpretations adopted from 1 January 2020 that have a significant impact on the interim financial information.

During the period, management assessed the technical life of the gas pipelines following the acquisition of the Nigerian Assets and entities in November 2019. Following this assessment, the expected useful life of these pipelines increased from 25 to 40 years from the beginning of the reporting period. This has had the effect of reducing the depreciation charge for the period. This change has resulted in a reduction in the Infrastructure assets depreciation charge amounting to US$4.2 million. Refer to note 13 for more information.

Going concern

The Group continues to trade strongly throughout 2020 with total balance sheet cash amounting to approximately US$53.3 million at the reporting date and a high volume of receivables that it expects to collect from its customers during the remaining part of the year.

The Directors have reviewed the Group's forecasted cash flows for the twelve months from the date of publication of this Interim Report. When reviewing the forecasts the Directors have considered the Group's current trading performance and considered the potential impact on the forecasted cash flows of the ongoing low oil price environment and potential impact on demand resulting from the COVID-19 virus, as well as counterparty credit risk.

As a result, the Directors consider that the Company has sufficient resources at its disposal to continue operating for the foreseeable future. The foreseeable future is defined as being not less than twelve months from the date of publication of these consolidated financial statements. On this basis, the Directors remain satisfied with the Group's funding and liquidity position and continue to adopt the going concern basis in preparing these Interim Financial Statements.

3. Segmental reporting

For the purposes of resource allocation and assessment of segment performance, the operations of the Group are divided into three segments: two geographical locations and an Unallocated segment. The two geographical segments are Nigeria and Niger and their principal activities are the exploration, development and extraction of oil and gas. These make up the revenue generating operations of the Group. The Unallocated segments principal activities are the governance and financing of the Group as well as facilitating the acquisition of the Nigerian Assets and entities during 2019. As a result of the acquisition, the comparative segmental reporting for the prior period has been restated to provide better comparability of the Group's results and position.

The following is an analysis of the Group's results by reportable segment for the six months ended 30 June 2020:

	Nigeria	**Niger**	**Unallocated**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Revenue	91,676	-	-	91,676
Cost of sales	(32,293)	-	-	(32,293)
Gross profit	**59,383**	**-**	**-**	**59,383**
Administrative and other operating expenses	(9,515)	(1,164)	(777)	(11,456)
Operating profit/(loss)	**49,868**	**(1,164)**	**(777)**	**47,927**
Finance income	-	-	354	354
Finance costs	-	-	(36,291)	(36,291)
Fair value adjustment	-	-	(3,674)	(3,674)
Foreign translation loss	-	-	(7,092)	(7,092)
Profit/(loss) before tax	**49,868**	**(1,164)**	**(47,480)**	**1,224**
Segment assets	1,001,215	157,430	5,758	**1,164,403**
Segment liabilities	(879,026)	(26,338)	(25,508)	**(930,872)**

The following is an analysis of the Group's results by reportable segment for the six months ended 30 June 2019. This has been re-presented to allow for improved consistency to the current period.

	Nigeria US$'000 Unaudited	Niger US$'000 Unaudited	Unallocated US$'000 Unaudited	Total US$'000 Unaudited
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross Profit	**-**	**-**	**-**	**-**
Administrative expenses and other operating expenses	-	(260)	(4,039)	(4,299)
Transaction costs	-	-	(6,632)	(6,632)
Operating loss	-	(260)	(10,671)	(10,931)
Finance income	-	-	716	716
Finance costs	-	-	(681)	(681)
Fair value adjustment	-	-	7,896	7,896
Loss before tax	-	(260)	(2,740)	(3,000)

Transaction costs were related to expenditures incurred in relation to the corporate advisory and restructuring costs associated with the acquisition of the Nigerian Assets and entities.

The following is an analysis of the Group's results by reportable segment at 31 December 2019:

	Nigeria US$'000 Audited	Niger US$'000 Audited	Unallocated US$'000 Audited	Total US$'000 Audited
Segment assets	927,737	157,785	59,491	1,145,013
Segment liabilities	(872,560)	(24,968)	(16,080)	(913,608)

4. Revenue

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

Six months ended 30 June	2020 US$'000 Unaudited	2019 US$'000 Unaudited
Gas sales	83,622	-
Oil sales	8,054	-
Total revenue from contracts with customers	**91,676**	**-**

Gas sales represents gas deliveries made to the Group's customers under long term take or pay gas sale agreements. The Group sells oil under a sales and purchase agreement with ExxonMobil Sales & Supply LLC (EMS&SLLC) at prevailing market prices.

5. Cost of sales

Six months ended 30 June	2020 US$'000 Unaudited	2019 US$'000 Unaudited
Depletion – oil and gas, and infrastructure assets (note 13)	18,310	-
Facility operation and maintenance costs	11,830	-
Royalties	2,153	-
	32,293	**-**

6. Operating profit/(loss)

Operating profit/(loss) has been arrived at after charging:

Six months ended 30 June	2020 US$'000 Unaudited	2019 US$'000 Unaudited
Staff costs (within Cost of sales)	4,083	-
Staff costs (within Administrative and other operating expenses)	4,732	2,036
Depreciation – Other assets (note 13)	338	235
Depreciation – Right-of-use assets	264	205
Transaction expenses	-	6,632

7. Finance income

Six months ended 30 June	2020 US$'000 Unaudited	2019 US$'000 Unaudited
Interest income	354	716
	354	716

In 2019, interest was recognised on the loan to the Seven Energy Group prior to the acquisition of the Nigerian Assets and entities. The loan balance was subsequently contributed as part of the purchase consideration on 14 November 2019. In 2020, interest was charged to customers for the late payment of their gas invoices.

8. Finance costs

Six months ended 30 June	2020 US$'000 Unaudited	2019 US$'000 Unaudited
Interest on bank borrowings and loan notes	31,983	681
Amortisation of debt finance fees	1,024	-
Unwinding of decommissioning discount	904	-
Bank charges	219	-
Other finance costs	2,161	-
	36,291	681

9. Foreign translation loss

Six months ended 30 June	2020 US$'000 Unaudited	2019 US$'000 Unaudited
Realised loss	8,751	-
Unrealised gain	(1,659)	-
	7,092	**-**

10. Fair value adjustment

During 2019 the Group issued a Senior Secured Note of US$20 million. The note includes a voluntary prepayment option whereby early repayment will result in a discount to the contractual loan value. As an embedded derivative, the option was separated from the host loan instrument and valued separately and accounted for as FVTPL. As at 30 June 2020 the option value was US$3.4 million (31 December 2019 audited: US$7.1 million), resulting in a charge to the income statement of US$3.7 million. The reduction in the option value was principally due to the deteriorating credit spread assumption observed during the period.

In the prior period, the Group recognised a fair value gain amounting to US$7.9 million on its Long-term financial asset: the 10.25% Senior Secured Notes that were acquired from the Seven Energy Group in 2018 and accounted for as FVTPL. These notes were subsequently contributed as part of the consideration for the Nigerian Assets and entities.

11. Taxation

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

Six months ended 30 June	**2020 US$'000 Unaudited**	**2019 US$'000 Unaudited**
Current tax		
- Adjustments in respect of prior years	(28)	-
- Current year	1,778	3
Deferred tax		
- Adjustments in respect of prior years	423	-
- Current year	(2,757)	-
	(584)	3

Income tax credit or expense is recognised based on the actual results for the period.

The tax credit for the period of US$0.6 million is made up of a current tax charge of US$1.7 million and a deferred tax credit of US$2.3 million. The current tax charge principally arises on Nigerian profits, including minimum tax recently brought in by the Nigerian 2019 Finance Act. The deferred tax credit principally arises on deferred capital allowances on the Nigerian Assets which are expected to be utilised against future profits.

12. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit or loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit or loss for the periods attributable to ordinary holders by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares.

Six months ended 30 June	**2020 Unaudited**	**2019 Unaudited**
	US$'000	**US$'000**
Profit/(loss) attributable to owners of the parent	1,712	(2,741)
	Number of shares	**Number of shares**
Basic weighted average number of shares	996,408,412	862,903,377
Basic and diluted weighted average number of shares	996,541,577	862,903,377
Basic earnings/(loss) per share (US cents)	0.17	(0.32)
Diluted earnings/(loss) per share (US cents)	0.17	(0.32)

13. Property, plant and equipment

	Oil and gas assets US$'000	Infrastructure assets US$'000	Other assets US$'000	Total US$'000
Cost				
Balance at 1 January 2019 (audited)	1,588	-	1,655	3,243
Additions	2,062	3,556	110	5,728
Recognised on acquisition of subsidiaries	164,240	453,858	1,114	619,212
Balance at 31 December 2019 (audited)	167,890	457,414	2,879	628,183
Additions	-	1,019	7	1,026
Balance at 30 June 2020 (unaudited)	**167,890**	**458,433**	**2,886**	**629,209**
Accumulated depreciation				
Balance at 1 January 2019 (audited)	(90)	-	(722)	(812)
Depletion and depreciation charge	(3,179)	(5,671)	(235)	(9,085)
Balance at 31 December 2019 (audited)	(3,269)	(5,671)	(957)	(9,897)
Depletion and depreciation charge	(9,347)	(8,963)	(338)	(18,648)
Balance at 30 June 2020 (unaudited)	**(12,616)**	**(14,634)**	**(1,295)**	**(28,545)**
Net book value				
31 December 2019 (audited)	164,621	451,743	1,922	618,286
30 June 2020 (unaudited)	**155,274**	**443,799**	**1,591**	**600,664**

Upstream assets principally comprise the well and field development costs relating to the Uquo and Stubb Creek oil and gas fields in Nigeria. The Infrastructure assets principally comprise the Nigerian midstream assets associated with the Group's network of gas transportation pipelines, oil and gas processing facilities and gas receiving facilities. Other assets typically include vehicles, office equipment and building improvements.

Following management's assessment of the gas pipelines, the expected useful life of these pipelines was increased from 25 to 40 years from the beginning of the reporting period. This has had the effect of reducing the depreciation charge for the period. This change has resulted in a reduction in the Infrastructure assets depreciation charge amounting to US$4.2 million.

14. Trade and other receivables

	30 June 2020 US$'000 Unaudited	31 December 2019 US$'000 Audited
Trade receivables	59,659	30,864
Contract assets	22,691	19,497
Receivables from a joint arrangement	29,583	30,321
	111,933	80,682
Expected credit loss	(431)	(431)
	111,502	80,251
VAT receivables	90	75
Other receivables	19,446	19,445
	131,038	99,771

During the period, there has been an overall improvement in customer cash collections as management have employed stricter credit control procedures. As a result, the basis upon which the expected credit loss was calculated, was re-assessed such that the underlying provision percentages were adjusted and as a result there is no charge for six months ended 30 June 2020. A further assessment will take place during the second half of the year.

15. Share capital

	30 June 2020 Number of shares Unaudited	31 December 2019 Number of shares Audited
Fully paid ordinary shares in issue	**996,408,412**	996,408,412
Nominal value per share in GBP	**0.001**	0.001

	Number of shares	Share capital US$'000	Share premium US$'000	Total US$'000
At 1 January 2019 (audited)	816,969,427	1,240	-	1,240
Shares issued	179,438,985	153	61,204	61,357
At 31 December 2019 (audited)	996,408,412	1,393	61,204	62,597
Shares issued	-	-	-	-
Balance at 30 June 2020 (unaudited)	**996,408,412**	**1,393**	**61,204**	**62,597**

There were no shares issued in the six months ended 30 June 2020. In January 2019 the Company issued 62,800,000 new ordinary shares as part of an equity fund raising to the value of US$22.1 million (net). In November 2019 the Company issued 116,638,985 new ordinary shares as part of the Seven Energy Group acquisition to the value of US$40.4 million (gross).

16. Trade and other payables

	30 June 2020 US$'000 Unaudited	31 December 2019 US$'000 Audited
Trade payables	44,953	48,800
Accruals	50,954	58,531
Interest payable	30,272	13,715
VAT payable	7,021	5,222
Royalty and levies	6,446	6,317
Other payables	12,196	1,314
Current trade and other payables	**151,842**	133,899
Non-current other payables	-	7,500
	151,842	141,399

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The Non-current other payables at 31 December 2019 amounting to US$7.5 million relates to deferred consideration resulting from a loan note that was initially acquired on the acquisition of the Nigerian Assets and entities, which was then transferred to the Company for future settlement. The total amount of US$7.5 million remains outstanding and is due to be repaid by May 2021 and is now disclosed within Other payables in Current trade and other payables.

17. Borrowings

	30 June 2020 US$'000 Unaudited	31 December 2019 US$'000 Audited
Revolving credit facility	12,532	9,914
Bank loans	374,452	388,209
Senior secured notes	111,726	115,833
Other loan notes	15,098	18,096
	513,808	532,052

	30 June 2020 US$'000 Unaudited	31 December 2019 US$'000 Audited
Current borrowings	70,828	71,387
Non-current borrowings	442,980	460,665
	513,808	532,052

18. Contract liabilities

Contract liabilities represents the value of gas supply commitment to the Group's customers for gas not taken but invoiced under the terms of the contracts. The amount has been analysed between current and non-current liability, based on the customers' expected future usage gas delivery profile. This expected usage is updated periodically by the customer.

	30 June 2020 US$'000 Unaudited	31 December 2019 US$'000 Audited
Amount due for delivery within 12 months	2,935	3,942
Amount due for delivery after 12 months	141,552	118,052
	144,487	121,994

	30 June 2020 US$'000 Unaudited	31 December 2019 US$'000 Audited
As at start of period	121,994	-
Additional contract liabilities	22,850	13,278
Acquired on acquisition of subsidiaries	-	108,716
Contact liabilities utilised	(557)	-
Unwinding of discount on contract liabilities	200	-
As at end of period	**144,487**	121,994

The unwinding of the discount on contract liabilities relates to the fair value adjustments made under IFRS 3: Business Combinations following the acquisition of the Nigerian Assets and entities in 2019. The fair value adjustment was calculated as the discounted, expected cost of the future deliveries of gas volumes under the terms of customer take-or-pay contracts. This discounted amount unwinds relative to an apportioned amount of the contract liabilities volumes at the date of acquisition that have subsequently been utilised.

19. Capital commitments

At 30 June 2020, capital commitments related to drilling amounted to US$1.9 million (30 June 2019: US$ nil).

20. Events after the reporting date

There are no events after the reporting date other than those described within this announcement.