30 September 2021

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

2021 Half Year Results 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 2021 and outlook for the FY 2021.

Andrew Knott, CEO of Savannah Energy, said:

"These results show just how far we have come this year, with US$116.5m of Total Revenues[1], US$91.5m of Adjusted EBITDA[2] and strong free cash flow. Our operational performance has been excellent which is important to all our stakeholders as we continue to play a vital role in driving economic growth and living standards in our countries of operation. This growth is set to continue as we progress discussions with ExxonMobil with respect to the proposed acquisition of its entire upstream and midstream assets in Chad and Cameroon and begin an anticipated new investment programme on our Niger assets, over which we are pleased to have agreed terms for an extension of up to 10 years.

I'd like to thank all of our shareholders and other stakeholders for their continued support as we look to capitalise on the opportunities available to us."

H1 2021 Financial Highlights

- Total Revenues[1] of US$116.5m (up 2% on H1 2020 Total Revenues of US$114.6m), in line with 2021 guidance of over US$205m for the full year;
- Average realised gas price of US$4.2/Mscf (H1 2020: US$3.9/Mscf) and an average realised liquids price of US$63.5/bbl (H1 2020: US$48.3/bbl);
- Cash collections from the Nigerian Assets in H1 2021 were US$101.6m compared to US$82.1m in H1 2020;
- Adjusted EBITDA[2] of US$91.5m (H1 2020: US$89.2m);
- Adjusted EBITDA margin broadly unchanged at 79% (H1 2020: 78%);
- Operating expenses plus administrative expenses[3] of US$22.5m (H1 2020: US$22.7m) being US$1.0/Mscfe (H1 2020: US$1.1/Mscfe);
- Profit before tax of US$7.7m (H1 2020: US$1.2m);
- Drilling of a gas well on the Uquo field commenced in September 2021 and the non-associated gas compression project at the Accugas gas processing plant is progressing, full year capital expenditure guidance of up to US$65m maintained;
- Net debt position as at 30 June 2021 of US$369.4m (Year-end 2020: US$408.7m) with Adjusted Leverage[4] of 2.3x (Year-end 2020: 2.5x); and
- Cash at bank[5] of US$135.7m as at 30 June 2021 (Year-end 2020: US$106.0m)

H1 2021 Operational Highlights

- Average gross daily production, of which 88.6% was gas, increased 6% during H1 2021 to 22.6 Kboepd (H1 2020: 21.3 Kboepd). This includes a 6% increase in production from the Uquo gas field compared to the same period last year, from 113.5 MMscfpd (18.9 Kboepd) to 120.2 MMscfpd (20.0 Kboepd);
- On 5 February 2021 Accugas signed a new gas sales agreement ("GSA") with Mulak Energy Limited ("Mulak") representing Savannah's entry into Nigeria's high-growth compressed natural gas ("CNG") market;
- On 2 June 2021, Savannah announced that the Company is in exclusive discussions with ExxonMobil Corporation with respect to the proposed acquisition of its entire upstream and midstream asset portfolio in Chad and Cameroon; and
- On 7 June 2021, Savannah published its re-focused sustainability strategy as part of the 2020 Annual Report focusing on four key strategic pillars with the strategy anchored around the 13 most relevant UN Sustainable Development Goals where we believe Savannah can have the biggest economic, environmental, social and governance impact

Post Period Update

- Drilling of a new gas production well in the Uquo field, Uquo 11, commenced on 21 September 2021;
- On 29 September 2021, the Niger Ministry of Petroleum amalgamated Savannah's four licence areas (covered by the previous R1/R2 PSC and the R3/R4 PSC) into a single PSC (R1/R2/R3/R4), valid for up to a further 10 years. This lays the foundation for an anticipated new investment programme in our R3 East development in 2022;
- On 12 August 2021 it was announced that, as a result of the Company's growth in recent years and the planned significant further expansion, the decision was taken to restructure the finance function of the Company. As a result, Ms Isatou Semega-Janneh left, and ceased to be a Director of, the Company; and
- On 16 August 2021 His Excellency President Muhammadu Buhari signed the Petroleum Industry Act 2021 (the "PIA") into law indicating the government of Nigeria's commitment to enhancing the governance, administrative and fiscal regimes of the domestic industry. It is anticipated that the PIA will have a positive fiscal impact on Savannah

FY 2021 Guidance Reiterated

We reiterate our FY 2021 guidance as follows:

- Total Revenues[1] greater than US$205.0m from upstream and midstream activities associated with the Company's three active Nigerian gas sales agreements and liquids sales from the Company's Stubb Creek and Uquo fields. Any revenues received from new additional gas sales agreements would, therefore, be incremental to this;
- Operating expenses plus administrative expenses[3] of US$55.0m to US$65.0m;
- Depreciation, Depletion and Amortisation of US$19m fixed for infrastructure assets plus US$2.6/boe for oil and gas assets; and
- Capital expenditure of up to US$65.0m

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 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 enabling over 10% of Nigeria's thermal power generation. In Niger, the Company has licence interests covering approximately 50% of 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 2021 Operational Review

Nigeria

Average gross daily production from the Nigerian Assets increased 6% in H1 2021 to an average of 22.6 Kboepd versus 21.3 Kboepd for H1 2020. This includes a 6% increase in production from the Uquo gas field compared to the same period last year, from 113.5 MMscfpd (18.9 Kboepd) to 120.2 MMscfpd (20.0 Kboepd). Uquo gas field production of 20.0 Kboepd represented 88% of total 22.6 Kboepd production in H1 2021.

Average Gross Daily Production

	Uquo Gas (MMscfpd)	Uquo Condensate (bopd)	Stubb Creek Oil (Kbopd)	Total (Kboepd)
1 January-30 June 2021	120.2	110.4	2.5	22.6
% of total production	*88%*	*1%*	*11%*	*100%*
1 January-30 June 2020	113.5	142.9	2.3	21.3
% of total production	*88%*	*1%*	*11%*	*100%*
% Increase/(Decrease)	*6%*	*(23)%*	*9%*	*6%*

Gas production levels are driven by customer nominations. During H1 2021 the Company's subsidiary, Accugas, supplied gas to the Calabar power station and the Ibom power station to generate an average of 340MW of electricity per day (H1 2020: 355 MW per day), representing 11% of the total grid-based thermal power generated in Nigeria during the period. The peak generation from Accugas supplied gas was 497MW (H1 2020: 476MW), highlighting Accugas' continuing position as a principal gas-to-power supplier in Nigeria.

In February 2021, Savannah announced that Accugas had entered into a new GSA with Mulak. The GSA is initially for a seven-year term to supply gas produced by Savannah's majority-owned Uquo field for an initial two-year period on an interruptible basis (the "Interruptible Gas Delivery Period") starting in 2022 and the subsequent five years on a firm contract basis (the "Firm Delivery Period"). During the Interruptible Gas Delivery Period, Mulak is able to nominate a maximum daily quantity of up to 2.5 MMscfpd. Volumes in the Firm Delivery Period will be agreed by the parties before the end of the Interruptible Gas Delivery Period. Sales under the GSA benefit from a bank guarantee arrangement from an investment grade credit rated international bank.

The Company commenced drilling of a new gas production well, Uquo 11, in the Uquo field on 21 September 2021. The Company also started ordering compression equipment for the Accugas gas processing plant during the first half of 2021. Factory Acceptance Tests for the two compressor packages have been successfully carried out, the Front End Engineering Design is in progress and we expect the Long Lead Items order to be delivered before the year end. Both the drilling and compression projects will ensure our continued ability to deliver gas at current and anticipated future increased contracted volumes to satisfy customer demand.

Niger

During H1 2021, the Company agreed in principle with the Ministry of Petroleum to amalgamate the four licence areas (covered by the R1/R2 PSC and the R3/R4 PSC) into a single PSC rather than the previous proposal of two PSCs. Post-period reporting end on 29 September 2021, the Ministry of Petroleum amalgamated the four licence areas into a single PSC (R1/R2/R3/R4) valid for up to a further 10 years. It will enter into force following ratification in early October 2021 by the Council of Ministers and the payment of the associated fee within 30 business days. This lays the foundation for an anticipated new investment programme in our R3 East development in 2022.

Proposed Acquisition in Chad and Cameroon

Savannah announced in June 2021 that the Company is in advanced exclusive discussions with ExxonMobil Corporation with respect to the proposed acquisition of its entire upstream and midstream asset portfolio in Chad and Cameroon (the "Proposed Acquisition"). The Proposed Acquisition would include a 40% operated interest in the Doba Oil Project, and an effective c.40% interest in the Chad-Cameroon oil transportation pipeline. For reference, in 2020 the Doba Oil Project produced an average gross 33.7 Kbopd and the Chad-Cameroon pipeline transported a gross 129.2 Kbopd.

If completed on the currently proposed terms, the Proposed Acquisition would be classified as a reverse takeover transaction in accordance with the AIM Rule 14, and accordingly, the Company's ordinary shares were suspended from trading on AIM and will remain so pending publication of an AIM admission document setting out, inter alia, details of the Proposed Acquisition, or confirmation is provided that discussions around the Proposed Acquisition have been terminated. There can be no assurance that agreement between the parties will be reached on mutually acceptable terms and that the Proposed Acquisition will complete. The Company will update shareholders as to progress made in relation to the Proposed Acquisition as appropriate.

Update on Savannah's Sustainability Strategy

In June 2021 Savannah published our re-focused sustainability strategy based on four key strategic pillars: (1) promoting socio-economic prosperity; (2) ensuring safe and secure operations; (3) supporting and developing our people; and (4) respecting the environment. Our four strategic pillars are aligned with 13 key United Nations Sustainable Development Goals ("UN SDGs"), where we believe Savannah can have the biggest economic, environmental, social and governance impact to achieve a better and more sustainable future for all. While anchoring our strategy around these 13 UN SDGs, we have chosen to integrate six additional sustainability reporting standards into our new performance and reporting framework. These have been selected on the basis of those most relevant for our sector and of most importance to our stakeholders and include those for: the Global Reporting Index ("GRI"); the eight International Finance Corporation Performance Standards ("IFC PS"); the International Association of Oil and Gas Producers ("IOGP"); the International Petroleum Industry Environmental Conservation Association ("IPIECA"); the Sustainability Accounting Standards Board ("SASB"); and the Task Force on Climate-related Financial Disclosures ("TCFD"). Progress continues to be made in rolling out our new sustainability performance and reporting framework across the Group with a view to reporting on this from 2022 onwards.

Petroleum Industry Act ("PIA")

We are pleased to note that on 16 August 2021 His Excellency President Muhammadu Buhari signed the Petroleum Industry Act 2021 into law. The PIA is an overhaul of the administrative, regulatory and fiscal regime of the Nigerian oil and gas industry in order to create a framework to attract additional investment into the country, which is Africa's largest producer and with the continents largest oil and gas reserves.

Overall, we anticipate that the PIA will have a positive fiscal impact on Savannah, with lower gas royalties offsetting higher oil and condensate royalties and additional levies. Furthermore, a reduction in tax rates for upstream oil operations as a result of the replacement of Petroleum Profits Tax with a combination of Corporate Income Tax and a new Hydrocarbon Tax is expected to reduce cash tax costs over the life of the assets, although the lower tax rates will reduce the carrying value of deferred tax assets on upstream oil operations.

H1 2021 Financial Review

The Group reports Total Revenues[1] of US$116.5 million for the six months ended 30 June 2021, up 2% on H1 2020 and an Adjusted EBITDA[2] of US$91.5 million up 3% on H1 2020. This performance continues to reflect the strong cash generative quality of our gas producing assets in Nigeria.

As previously highlighted, 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 Revenue of US$99.4 million shown in the Condensed Consolidated Statement of Comprehensive Income includes only the gas, oil and condensate that has been delivered. The Total Revenues[1] of US$116.5 million includes the volume of gas that customers are committed to pay for under the take-or-pay terms of the gas sales agreements, which includes gas that has been delivered plus gas invoiced but yet to be delivered, plus oil and condensate revenues.

Summary of result for H1 2021

The table below provides an overview of our results for H1 2021 with a comparison for H1 2020.

Financial highlights

	Six months ended 30 June 2021 US$ million	Six months ended 30 June 2020 US$ million
Total Revenues[1]	116.5	114.6
Revenue	99.4	91.7
Operating expenses plus administrative expenses[3]	22.5	22.7
Operating profit	54.0	47.9
Profit before tax	7.7	1.2
(Loss)/profit after tax	(1.4)	1.8
Adjusted EBITDA[2]	91.5	89.2
Cash collections	101.6	82.1

The Group's operating profit for the six months ended 30 June 2021 was US$54.0 million (H1 2020: US$47.9 million), a 13% improvement between periods reflecting the increased revenues in the period combined with the ongoing control of operating expenses and administrative expenses, which remained flat.

The Group's profit before tax was US$7.7 million (H1 2020: US$1.2 million) and the loss after tax was US$1.4 million (H1 2020 profit: US$1.8 million). The increased tax charge year-on-year was primarily a result of profits generated in Nigeria.

Adjusted EBITDA[2], described in further detail below, for H1 2021 was US$91.5 million, up 3% on US$89.2 million for H1 2020.

Revenue

Revenue during the period was 8% higher than the prior year comparable at US$99.4 million (H1 2020: US$91.7 million) on stable overall sales volumes. The increase is a result of higher realised prices and the following tables summarise the sales volumes and prices achieved during H1 2021 and H1 2020:

Sales volumes, average prices and revenue for H1 2021

	Sales volume	Average price	Revenue US$ million
Gas	21,774 MMscf	US$4.2/Mcf	91.7
Oil and condensate	107 kbbl	US$63.5/bbl	6.8
Crude oil processing	-	-	0.9
Total	3.74 MMboe*	US$26.4/boe or US$4.4/Mscfe	99.4

**1 boe equivalent to 6 Mscf of gas*

Sales volumes, average prices and revenue for H1 2020

	Sales volume	Average price	Revenue US$ million
Gas	21,476 MMscf	US$3.9/Mcf	83.6
Oil and condensate	163 kbbl	US$48.3/bbl	7.9
Crude oil processing	-	-	0.2
Total	3.74 MMboe	US$24.5/boe or US$4.1/Mscfe	91.7

The gas revenue stream, which represents 92% of H1 2021 revenue (H1 2020: 91%), is insulated from fluctuations in oil price as the gas contracts are all priced independently of oil prices with escalation clauses related to US consumer price inflation. Additionally, 95% 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 power station gas sales agreement.

Cost of Sales, administrative and other operating expenses

Cost of sales amounted to US$34.3 million (H1 2020: US$32.3 million) which includes US$13.8 million (H1 2020: US$11.8 million) for facility operating and maintenance costs, US$2.2 million (H1 2020: US$2.2 million) royalty expenses and US$18.3 million (H1 2020: US$18.3 million) depletion and depreciation.

Administrative and other operating expenses for the period were US$11.8 million (H1 2020: US$11.5 million), which includes US$0.9 million (H1 2020: US$0.6 million) of depreciation. Of the total, US$2.3 million (H1 2020: nil) were transaction costs incurred in relation to the Proposed Acquisition.

Group operating expenses plus administrative expenses[3] were US$22.5 million (H1 2020: US$22.7 million), reflecting strong cost control across the Group. This amounts to a unit cost of US$1.0/Mscfe (H1 2020: US$1.1/Mscfe) which compares favourably with our average sales price of US$4.4/Mscfe (H1 2020: US$4.1/Mscfe).

EBITDA and Adjusted EBITDA[2]

Presented below is the calculation of EBITDA and Adjusted EBITDA[2]. Management believes that the alternative performance measure of Adjusted EBITDA[2] more accurately reflects the cash generating capacity of the business. Adjusted EBITDA[2] includes gas that has been invoiced under take-or-pay contracts but not yet delivered and is adjusted for transaction costs, and expected credit losses to provide a meaningful comparison between periods.

Calculation of EBITDA and Adjusted EBITDA[2]

	Six months ended 30 June 2021 US$ million	Six months ended 30 June 2020 US$ million
Operating profit	54.0	47.9
Add: depletion, depreciation and amortisation	19.2	18.9
EBITDA	**73.2**	**66.8**
Add: other invoiced amounts	17.1	22.9
Deduct: royalty payable on additional gas volume	(0.4)	(0.5)
Add: transaction costs associated with the Proposed Acquisition	2.3	-
Deduct: expected credit loss & other related adjustments	(0.7)	-
Adjusted EBITDA[2]	**91.5**	**89.2**

Finance Costs

Finance costs of US$38.7 million (H1 2020: US$36.3 million) were partially offset by finance income of US$0.3 million (H1 2020: US$0.4 million). Of these costs US$26.8 million (H1 2020: US$32.0 million) related to bank and loan note interest. The average interest rate was 10.3% (H1 2020: 11.9%) reflecting lower US Libor rates during 2021. The remainder of the finance costs are primarily a number of non-cash items which are itemised in Note 8 of the financial statements.

The interest cover ratio, on an Adjusted EBITDA[2] basis is 2.9 times versus 2.5 times in H1 2020.

Foreign Exchange loss

Foreign exchange losses amounted to US$10.9 million (H1 2020: US$7.1 million).

An unrealised loss of US$7.0 million (H1 2020 gain: US$1.7 million) was mainly a result of revaluation of monetary items held in Nigerian Naira following the devaluation of the Naira from approximately 380 Naira/US$ to 410 Naira/US$ in May 2021. The realised losses of US$4.0 million (H1 2020: US$8.8 million) arise mainly from US dollar gas sales invoices which are collected in local currency and then converted at the Central Bank of Nigeria ("CBN") official rate to settle US dollar invoices. In order to purchase US dollars to service US dollar obligations, Savannah accesses foreign exchange at market rate and there is typically a differential between this rate and the CBN rate. The majority of these losses are recoverable through a foreign exchange "true-up" clause in the Calabar GSA.

Taxation

The tax charge of US$9.1 million (H1 2020: credit US$0.6 million) was made up of a current tax charge of US$2.2 million (H1 2020: US$1.8 million) and a deferred tax charge of US$6.9 million (H1 2020: credit US$2.3 million). The current tax charge principally arises on Nigerian profits and the deferred tax charge is a result of utilisation of unused losses in Nigeria.

Condensed Consolidated Statement of Financial Position

Group Assets

	30 June 2021 US$ million	31 December 2020 US$ million
Property, Plant and Equipment	604.1	612.7
Exploration and evaluation assets	160.1	159.6
Deferred tax asset	190.1	197.0
Other non-current assets	7.6	8.2
Total non-current assets	**961.9**	**977.5**
Inventory	3.6	2.9
Trade and other receivables	138.6	122.4
Cash and cash equivalents	134.1	104.4
Total current assets	**276.3**	**229.7**
Total assets	**1,238.2**	**1,207.2**

Total assets increased to US$1,238.2 million (31 December 2020: US$1,207.2 million) principally due to a US$29.7 million increase in cash balances held in Nigeria.

As was noted in our 2020 Annual Report & Accounts, there has been a reduction seen in foreign exchange liquidity in Nigeria since the first half of 2020. The Company anticipates that liquidity will return to the FX market in the near-term and in the meantime, Savannah has agreed with the Accugas lenders to retain a sufficient balance in Naira to cover the US$ denominated debt service amounts. This is reflected in the Adjusted net debt figure shown in the table below.

The Group has Trade and other receivables of US$138.6 million (31 December 2020: US$122.4 million). The trade receivables and contract assets (from sales) of US$146.3 million (31 December 2020: US$131.1 million) represent a net increase of US$15.2 million mainly due from customers in Nigeria under the GSAs in place.

The Group has trade and other payables of US$108.9 million (31 December 2020: US$106.6 million). These amounts will be settled in the normal course of business. The increase is primarily a result of capital investment activities including the drilling of a gas well at Uquo and the compression project at the Accugas processing facility.

Debt

The Group net debt as at 30 June 2021 was US$369.4 million (31 December 2020: US$408.7 million). During the period our leverage ratio, and our adjusted leverage ratio, both based on Adjusted EBITDA[2] improved as shown in the table below.

Leverage

	30 June 2021 US$ million	31 December 2020 US$ million
Adjusted EBITDA[2] #	91.5	183.6
Net debt	369.4	408.7
Naira held in cash for interest	58.7	48.0
Adjusted net debt	**428.1**	**456.7**
Leverage (Net debt/Adjusted EBITDA[2])	2.0	2.2
Adjusted Leverage[4] (Adjusted net debt/Adjusted EBITDA[2])	2.3	2.5

 # Adjusted EBITDA[2] for 6 months to 30 June 2021 and for 12 months to 31 December 2020

Cashflow

A summary of the cashflows for the period is as follows:

	Six months ended 30 June 2021 US$ million	Six months ended 30 June 2020 US$ million
Net cash generated from operating activities	65.2	45.6
Net cash used in investing activities	(4.8)	(1.0)
Finance costs paid	(22.8)[(a)]	(39.4)[(b)]
Impact of exchange rate changes on cash balances	(7.9)	-
Net increase in cash	**29.7**	**5.2**
Cash balances at start of period[5]	106.0	48.1
Cash balances at end of period[5]	**135.7**	**53.3**

(a) excludes US$31.0 million moved to debt service accounts
(b) excludes US$0.2 million moved from restricted balances

The net cash inflow from operating activities was US$65.2 million (H1 2020: US$45.6 million) with the increase being driven by improved cash collections from customers which totalled US$101.6 million compared to US$82.1 million in H1 2020.

Net cash used in investing activities includes payments for property, plant and equipment of US$4.1 million (H1 2020: US$0.9 million) and US$1.1 million (H1 2020: US$0.1 million) incurred on exploration and evaluation assets.

Total cash balances of the Group at the end of the period increased to US$135.7m (H1 2020: US$53.3m).

Nick Beattie
Deputy Chief Financial Officer
30 September 2021

Footnotes

[1] Total Revenues are 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 Condensed 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 the Financial Review section of the Savannah Annual Report and Accounts 2020.

[2] Adjusted EBITDA is calculated as profit or loss before finance costs, investment revenue, foreign exchange gains or losses, expected credit loss and other related adjustments, fair value adjustments, gain on acquisition, taxes, transaction costs, depreciation, depletion and amortisation and adjusted to include deferred revenue and other invoiced amounts. Management believes that the alternative performance measure of Adjusted EBITDA more accurately reflects the cash-generating capacity of the business.

[3] Group operating expenses plus administrative expenses are defined as total cost of sales, administrative and other operating expenses excluding royalty and depletion, depreciation and amortisation and transaction costs.

[4] Adjusted Leverage is defined as Adjusted net debt/Adjusted EBITDA. Adjusted net debt is calculated as the net debt balance adjusted for the Naira held in cash for interest (as shown in the table on page 8).

[5] Within cash at bank, US$1.6m is restricted cash which includes deposits and stamp duty escrow balances.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

	Note	**Six months ended 30 June 2021 US$'000 Unaudited**	**Six months ended 30 June 2020 US$'000 Unaudited**
Revenue	4	**99,386**	91,676
Cost of sales	5	**(34,286)**	(32,293)
Gross profit		**65,100**	59,383
Administrative and other operating expenses		**(11,846)**	(11,456)
Expected credit loss and other related adjustments	14	**739**	—
Operating profit	6	**53,993**	47,927
Finance income	7	**328**	354
Finance costs	8	**(38,732)**	(36,291)
Fair value adjustment	9	**3,042**	(3,674)
Foreign translation loss	10	**(10,943)**	(7,092)
Profit before tax		**7,688**	1,224
Current tax expense	11	**(2,172)**	(1,750)
Deferred tax (expense)/credit	11	**(6,893)**	2,334
Tax (expense)/credit	11	**(9,065)**	584
Net (loss)/profit and total comprehensive (loss)/profit		**(1,377)**	1,808
Total comprehensive (loss)/profit attributable to:			
Owners of the Company		**(3,109)**	1,712
Non-controlling interests		**1,732**	96
		(1,377)	1,808
(Loss)/earnings per share		**US cents**	**US cents**
Basic	12	**(0.33)**	0.17
Diluted	12	**(0.33)**	0.17

All results derive from continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30 June 2021 US$'000 Unaudited	31 December 2020 US$'000 Audited
Assets			
Non-current assets			
Property, plant and equipment	13	**604,104**	612,707
Exploration and evaluation assets		**160,135**	159,572
Deferred tax assets		**190,093**	196,986
Right-of-use assets		**5,074**	5,581
Restricted cash		**1,635**	1,635
Finance lease receivable		**864**	1,049
Total non-current assets		**961,905**	977,530
Current assets			
Inventory		**3,605**	2,916
Trade and other receivables	14	**138,670**	122,400
Cash at bank	15	**134,050**	104,363
Total current assets		**276,325**	229,679
Total assets		**1,238,230**	1,207,209
Equity and liabilities			
Capital and reserves			
Share capital		**1,409**	1,409
Share premium		**62,263**	62,092
Treasury shares		**(58)**	(59)
Capital contribution		**458**	458
Share-based payment reserve		**8,479**	7,104
Retained earnings		**155,561**	158,670
Equity attributable to owners of the Company		**228,112**	229,674
Non-controlling interests		**(1,005)**	(2,737)
Total equity		**227,107**	226,937
Non-current liabilities			
Other payables	16	**4,884**	4,648
Borrowings	17	**405,433**	424,667
Lease liabilities		**6,352**	7,057
Provisions		**108,342**	106,606
Contract liabilities	18	**201,970**	185,172
Total non-current liabilities		**726,981**	728,150
Current liabilities			
Trade and other payables	16	**104,063**	101,975
Borrowings	17	**99,689**	89,995
Interest payable		**66,498**	51,544
Tax liabilities		**3,640**	2,539
Lease liabilities		**1,424**	1,004
Contract liabilities	18	**8,828**	5,065
Total current liabilities		**284,142**	252,122
Total liabilities		**1,011,123**	980,272
Total equity and liabilities		**1,238,230**	1,207,209

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

	Note	Six months ended 30 June 2021 US$'000 Unaudited	Six months ended 30 June 2020 US$'000 Unaudited
Cash flows from operating activities:			
Profit before tax		**7,688**	1,224
Adjustments for:			
Depreciation		**888**	602
Depletion		**18,335**	18,310
Finance income		**(124)**	—
Finance costs	8	**38,732**	36,064
Fair value adjustment		**(3,042)**	3,674
Unrealised foreign exchange loss/(gain)	10	**6,981**	(1,659)
IFRS 16 sub-lease recognition		**—**	71
Share option charge		**1,375**	318
Expected credit loss and other related adjustments	14	**(739)**	—
Operating cash flows before movements in working capital		**70,094**	58,604
Increase in trade and other receivables		**(16,610)**	(29,248)
Decrease in trade and other payables		**(4,467)**	(6,113)
Increase in contract liabilities		**16,798**	22,293
Income tax (payments)/rebates		**(632)**	60
Net cash generated from operating activities		**65,183**	45,596
Cash flows from investing activities:			
Interest received		**98**	—
Payments for property, plant and equipment		**(4,109)**	(901)
Payments for exploration and evaluation assets		**(1,118)**	(68)
Lessor receipts		**280**	11
Net cash used in investing activities		**(4,849)**	(958)
Cash flows from financing activities:			
Finance costs		**(13,580)**	(21,068)
Borrowing proceeds	19	**—**	3,835
Borrowing repayments	19	**(8,794)**	(22,107)
Lease payments	19	**(335)**	(76)
Cash to debt service accounts		**(30,973)**	—
Cash from restricted cash accounts		**—**	193
Net cash used in financing activities		**(53,682)**	(39,223)
Net increase in cash and cash equivalents		**6,652**	5,415
Effect of exchange rate changes on cash and cash equivalents		**(7,938)**	—
Cash and cash equivalents at beginning of period		**74,258**	46,256
Cash and cash equivalents at end of period	15	**72,972**	51,671
Amounts held for debt service at end of period	15	**61,078**	—
Cash at bank at end of period	15	**134,050**	51,671

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Capital contribution US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Equity attributable to the owners of the Company US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2021 (audited)	1,409	62,092	(59)	458	7,104	158,670	229,674	(2,737)	226,937
Profit/(loss) for the period	—	—	—	—	—	(3,109)	(3,109)	1,732	(1,377)
Total comprehensive profit/(loss) for the period	—	—	—	—	—	(3,109)	(3,109)	1,732	(1,377)
Transactions with shareholders:									
Equity-settled bonus payments	—	171	1	—	—	—	172	—	172
Equity-settled share-based payments	—	—	—	—	1,375	—	1,375	—	1,375
Balance at 30 June 2021 (unaudited)	**1,409**	**62,263**	**(58)**	**458**	**8,479**	**155,561**	**228,112**	**(1,005)**	**227,107**

	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Capital contribution US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Equity attributable to the owners of the Company US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2020 (audited)	1,393	61,204	—	458	6,448	164,885	234,388	(2,983)	231,405
Profit for the period	—	—	—	—	—	1,712	1,712	96	1,808
Total comprehensive profit for the period	—	—	—	—	—	1,712	1,712	96	1,808
Transactions with shareholders:									
Equity-settled share-based payments	—	—	—	—	318	—	318	—	318
Balance at 30 June 2020 (unaudited)	1,393	61,204	—	458	6,766	166,597	236,418	(2,887)	233,531

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 principal activity of these entities is the exploration, development and production of crude oil and natural gas in Nigeria and Niger.

The Company is domiciled in the UK for tax purposes and its shares were listed on 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.

2. Accounting policies

Basis of Preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom ("UK-adopted IFRS"), with future changes being subject to endorsement by the UK Endorsement Board. The Group transitions to UK-adopted IFRS in its consolidated financial statements from 1 January 2021. There was no impact on the Group from this transition, nor any changes in accounting policy. These condensed consolidated financial statements have been prepared in accordance with UK-adopted 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 Group's 2020 Annual Report and audited financial statements for the year ended 31 December 2020 ("the Group's 2020 Annual Report"). The financial information for the six months ended 30 June 2021 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 for the year ended 31 December 2020 were prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. The Independent Auditors' Report on the Group's 2020 Annual Report was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The Independent Auditors' Report contained a material uncertainty related to going concern.

The Group's statutory financial statements for the year ended 31 December 2020 have been 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 the Group's 2020 Annual Report. There are no other new or amended standards or interpretations adopted from 1 January 2021 that have a significant impact on the interim financial information.

Going concern

The Group continues to trade strongly throughout 2021 with total balance sheet cash amounting to US$135.7 million at the reporting date and a significant volume of receivables that are anticipated to be collected from 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 from certain sensitivities on the forecasted cash flows related to: commodity pricing, foreign currency transactions (including the ability to access US dollars as required to pay non-Naira denominated expenditures), timing for completing a refinancing of certain debt facilities, payments from customers and potential impact on demand resulting from the ongoing COVID-19 virus.

As a result, the Directors have confidence in the Group's forecasts and have a reasonable expectation that the Group will continue in operational existence for the going concern assessment period and have therefore used 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 total revenue generating operations of the Group. The Unallocated segments 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. As such, the comparative segmental reporting has been restated to remove these amounts from the segments and show only the totals to provide better comparability of the Group's 2021 results.

The following is an analysis of the Group's results by reportable segment for the six months ended 30 June 2021:

	Nigeria US$'000 Unaudited	Niger US$'000 Unaudited	Unallocated US$'000 Unaudited	Total US$'000 Unaudited
Revenue	99,386	—	—	99,386
Cost of sales[1]	(34,286)	—	—	(34,286)
Gross profit	**65,100**	**—**	**—**	**65,100**
Administrative and other operating expenses	(2,748)	(2,410)	(6,688)	(11,846)
Expected credit loss and other related adjustments	739	—	—	739
Operating profit/(loss)	**63,091**	**(2,410)**	**(6,688)**	**53,993**
Finance income				328
Finance costs				(38,732)
Fair value adjustment				3,042
Foreign translation loss				(10,943)
Profit before tax				**7,688**
Segment non-current assets[2]	604,741	161,554	3,018	**769,313**
Segment total assets	1,069,494	162,229	6,507	**1,238,230**
Segment total liabilities	(948,557)	(30,754)	(31,812)	**(1,011,123)**

1. Refer to note 5 for material items included within Cost of Sales.
2. Includes Property, plant and equipment, Exploration and evaluation assets and Right-of-use assets.

For non-current asset additions in Nigeria, refer to Oil & gas assets and Infrastructure asset additions in note 13. Non-current asset additions in Niger relate to additions in Exploration & evaluation amounting to US$0.6 million. Non-current additions in Unallocated relate to Other asset additions in note 13 and Right-of-use additions amounting to US$nil.

The following is an analysis of the Group's results by reportable segment for the six months ended 30 June 2020. 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	91,676	—	—	91,676
Cost of sales[1]	(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
Finance costs				(36,291)
Fair value adjustment				(3,674)
Foreign translation loss				(7,092)
Profit before tax				1,224

The following is an analysis of the Group's results by reportable segment at 31 December 2020:

	Nigeria US$'000 Audited	Niger US$'000 Audited	Unallocated US$'000 Audited	Total US$'000 Audited
Segment non-current additions[2]	613,439	161,147	3,274	777,860
Segment total assets	1,039,653	161,778	5,778	1,207,209
Segment total liabilities	(919,067)	(30,274)	(30,931)	(980,272)

1. Refer to note 5 for material items included within Cost of Sales.
2. Includes Property, plant and equipment, Exploration and evaluation assets and Right-of-use assets.

For non-current asset additions in Nigeria, refer to Oil & gas assets and Infrastructure asset additions in note 13. Non-current asset additions in Niger relate to additions in Exploration & evaluation totalling US$4.5 million. Non-current additions in Unallocated relate to Other asset additions in note 13, and Right-of-use additions totalling US$3.0 million.

4. Revenue

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

Six months ended 30 June	2021 US$'000 Unaudited	2020 US$'000 Unaudited
Gas sales	**91,675**	83,622
Oil and condensates sales	**7,711**	8,054
Revenue from contracts with customers	**99,386**	91,676

Gas sales represents gas deliveries made to the Group's customers under long term take or pay gas sale agreements; these comprise two power stations and a cement production facility. The Group sells oil and condensates under a sales and purchase agreement with ExxonMobil Sales & Supply LLC at prevailing market prices.

Included within revenue from contracts with customers is revenue of US$89.6 million (30 June 2020: US$79.6 million) relating to the Group's customers who each contribute more than 10% of revenue

5. Cost of sales

Six months ended 30 June	2021 US$'000 Unaudited	2020 US$'000 Unaudited
Depletion – oil and gas, and infrastructure assets (note 13)	**18,335**	18,310
Facility operation and maintenance costs	**13,794**	11,830
Royalties	**2,157**	2,153
	34,286	32,293

6. Operating profit

Operating profit has been arrived at after charging:

Six months ended 30 June	2021 US$'000 Unaudited	2020 US$'000 Unaudited
Staff costs	**12,112**	8,815
Depreciation – other assets (note 13)	**380**	338
Depreciation – right-of-use assets	**508**	264
Transaction expenses[1]	**2,277**	—

1. Transaction expenses primarily relate to expenses incurred relating to the proposed acquisition of ExxonMobil's upstream and midstream asset portfolio in Chad and Cameroon (as announced on 2 June 2021).

7. Finance income

Six months ended 30 June	2021 US$'000 Unaudited	2020 US$'000 Unaudited
Lease income	**26**	16
Bank interest income	**98**	74
Other interest income	**204**	264
	328	354

8. Finance costs

Six months ended 30 June	2021 US$'000 Unaudited	2020 US$'000 Unaudited
Interest on bank borrowings and loan notes	**26,826**	31,983
Amortisation of balances measured at amortised cost[1]	**7,004**	2,038
Unwinding of decommissioning discount	**2,488**	904
Interest expense on lease liabilities	**262**	144
Bank charges	**131**	219
Other finance costs	**2,021**	1,003
	38,732	36,291

1. Includes amounts due to unwinding of a discount on a long-term payable, contract liabilities (note 18) and amortisation of debt fees.

9. Fair value adjustment

During 2019 the Group issued a Senior Secured Note of US$20 million that includes a voluntary prepayment option whereby early repayment will result in a discount to the contractual loan value. As an embedded derivative, the option has been separated from the host loan instrument and valued separately and accounted for as fair value through profit or loss ("FVTPL"). As at 30 June 2021 the option value was approximately US$8.4 million (31 December 2020 audited: US$5.4 million), resulting in a gain of US$3.0 million (30 June 2020: charge of US$3.7 million). The increase in the option value was principally due to an improvement in credit bond spreads observed during the period. The reduction in the option value in the prior period was principally due to the deteriorating credit bond spread observed.

10. Foreign translation loss

Six months ended 30 June	2021 US$'000 Unaudited	2020 US$'000 Unaudited
Realised loss	**3,962**	8,751
Unrealised loss/(gain)	**6,981**	(1,659)
	10,943	7,092

Unrealised foreign translation loss for the six months ended 30 June 2021 mainly relates to the revaluation of monetary items held in Nigerian Naira following the devaluation of the Naira against the US Dollar in May 2021. Realised foreign translation loss mainly relates to Nigerian trade receivables which are invoiced in US Dollars and where customers are able to pay in Naira.

11. Taxation

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

Six months ended 30 June	2021 US$'000 Unaudited	2020 US$'000 Unaudited
Current tax		
- Adjustments in respect of prior years	**3**	(28)
- Current year	**2,169**	1,778
	2,172	1,750
Deferred tax		
- Adjustments in respect of prior years	**15**	423
- Current year	**6,878**	(2,757)
	6,893	(2,334)
	9,065	**(584)**

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

The tax expense for the period of US$9.1 million (30 June 2020: credit of US$0.6 million) is made up of a current tax charge of US$2.2 million (30 June 2020: US$1.8 million) and a deferred tax charge of US$6.9 million (30 June 2020: credit of US$2.3 million). The current tax charge principally arises on Nigerian profits. The deferred tax charge principally relates to the utilisation of losses in Nigeria.

12. (Loss)/earnings per share

Basic earnings per share amounts are calculated by dividing the profit or loss for the period attributable to owners of the Company 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 owners of the Company 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. As there is a loss attributable to the owners of the Company for the six months ended 30 June 2021, the diluted weighted average number of shares would reduce the loss per share. Therefore, the basic weighted average number of shares has been used to calculate the diluted loss per share.

The weighted average number of shares outstanding excludes treasury shares of 41,966,942 (30 June 2020: nil).

Six months ended 30 June	2021 Unaudited US$'000	2020 Unaudited US$'000
(Loss)/profit		
(Loss)/profit attributable to owners of the Company	**(3,109)**	1,712

	Number of shares	Number of shares
Basic weighted average number of shares	**954,116,177**	996,408,412
Diluted weighted average number of shares	**957,956,201**	996,541,577

	US cents	US cents
(Loss)/earnings per share		
Basic (loss)/earnings per share	**(0.33)**	0.17
Diluted (loss)/earnings per share	**(0.33)**	0.17

50,233,574 options granted under share option schemes are not included in the calculation of diluted earnings per share because they are anti-dilutive for the six months ended 30 June 2021 (30 June 2020: 49,973,168). These options could potentially dilute basic earnings per share in the future.

The weighted average number of shares for the period is lower than the prior period due to the consolidation of an Employee Benefit Trust holding shares in treasury from 31 December 2020. These shares have been excluded for the six months ended 30 June 2021 where they were previously included for the prior period.

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 2020 (audited)	167,890	457,414	2,879	628,183
Additions	1,757	1,831	534	4,122
Disposals	—	—	(59)	(59)
Decommissioning remeasurement adjustment	(14,914)	10,236	—	(4,678)
Transfer from Receivables from a joint arrangement	30,844	—	—	30,844
Transfers to Exploration and evaluation assets	—	(284)	—	(284)
Reclassification of assets[1]	(1,725)	720	1,005	—
Balance at 31 December 2020 (audited)	183,852	469,917	4,359	658,128
Additions	761	8,991	360	10,112
Balance at 30 June 2021 (unaudited)	**184,613**	**478,908**	**4,719**	**668,240**
Accumulated depreciation				
Balance at 1 January 2020 (audited)	(3,269)	(5,671)	(957)	(9,897)
Depletion and depreciation charge	(17,234)	(17,555)	(751)	(35,540)
Adjustment to accumulated depreciation	176	56	(216)	16
Balance at 31 December 2020 (audited)	(20,327)	(23,170)	(1,924)	(45,421)
Depletion and depreciation charge	(9,467)	(8,868)	(380)	(18,715)
Balance at 30 June 2021 (unaudited)	**(29,794)**	**(32,038)**	**(2,304)**	**(64,136)**
Net book value				
31 December 2020 (audited)	163,525	446,747	2,435	612,707
30 June 2021 (unaudited)	**154,819**	**446,870**	**2,415**	**604,104**

1. Certain assets have been reclassified between the various asset classes to ensure they are reported in the most appropriate class.

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 comparative of the reporting period. This had the effect of reducing the depreciation charge for the year ended 31 December 2020. This change resulted in a reduction in the Infrastructure assets depreciation charge amounting to US$8.5 million, had no change in useful life been made.

During 2020, the Group undertook a more detailed technical assessment of the decommissioning provision cost estimates using an independent contractor. The associated decommissioning asset has been adjusted to reflect the new cost estimates. The new asset value will be depreciated over the remaining life of the respective assets.

Following the acquisition of the Nigerian assets in 2019, the Group completed the restructuring of economic interests in the Uquo field with its partner, Frontier Oil Limited. The agreement granted economic ownership and control of 100% of the gas operations, and its partner was granted economic ownership and control of 100% of the oil operations at the Uquo field. Under the terms of the restructuring, the Group made an advance payment of cash calls of US$20.0 million to its partner. A further US$14.1 million of advance cash calls is payable in three yearly instalments, with the first instalment of US$5.0 million paid in December 2020. The advanced cash call amounts were recorded within Receivables from a joint arrangement in 2019. During 2020, these receivables (amounting to US$30.8 million) were reclassified to Oil and gas assets as the substance of this agreement was determined to be a re-alignment of the respective parties' economic interests and therefore similar in nature to a "signature bonus". It is being depleted in line with similar assets.

14. Trade and other receivables

	30 June 2021 US$'000 Unaudited	31 December 2020 US$'000 Audited
Trade receivables	**62,564**	72,832
Contract assets	**83,687**	58,246
Receivables from a joint arrangement	**396**	419
Other receivables	**5,496**	5,548
	152,143	137,045
Expected credit loss	**(16,474)**	(17,213)
	135,669	119,832
VAT receivables	**251**	185
Prepayments	**2,750**	2,383
	138,670	122,400

The following has been recognised in the Condensed Statement of Comprehensive Income relating to expected credit losses for the period:

Six months ended 30 June	2021 US$'000 Unaudited	2020 US$'000 Unaudited
Net release of expected credit losses	**739**	—
Expected credit loss and other related adjustments	**739**	—

15. Cash at bank

	30 June 2021 US$'000 Unaudited	31 December 2020 US$'000 Audited
Cash and cash equivalents	**72,972**	74,258
Amounts held for debt service	**61,078**	30,105
	134,050	104,363

Cash and cash equivalents includes US$1.1 million (31 December 2020: US$1.2 million) of cash collateral on the Orabank revolving facility. The cash collateral was at a value of XOF629.4 million (31 December 2020: XOF621.7 million).

Amounts held for debt service represents Naira denominated cash which is held by the Group for debt service, and this has been separately disclosed from Cash and cash equivalents. In total, approximately US$100.8 million (31 December 2020: US$78.9 million) will be paid for the debt service from bank accounts designated as Amounts held for debt service, and from Cash and cash equivalents.

16. Trade and other payables

	30 June 2021 US$'000 Unaudited	31 December 2020 US$'000 Audited
Trade and other payables		
Trade payables	**41,426**	40,590
Accruals	**37,126**	35,565
VAT and WHT payable	**7,743**	7,825
Royalty and levies	**6,062**	6,261
Employee benefits	**73**	74
Deferred consideration	**7,500**	7,500
Other payables	**4,133**	4,160
	104,063	101,975
Other payables – non-current		
Employee benefits	**4,884**	4,648
	4,884	4,648
	108,947	106,623

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

17. Borrowings

	30 June 2021 US$'000 Unaudited	31 December 2020 US$'000 Audited
Revolving credit facility	**12,568**	12,998
Bank loans	**377,647**	376,509
Senior Secured Notes	**96,029**	106,513
Other loan notes	**18,878**	18,642
	505,122	514,662

	30 June 2021 US$'000 Unaudited	31 December 2020 US$'000 Audited
Current borrowings	**99,689**	89,995
Non-current borrowings	**405,433**	424,667
	505,122	514,662

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, based on the customers' expected future usage gas delivery profile. This expected usage is updated periodically with the customer.

	30 June 2021 US$'000 Unaudited	31 December 2020 US$'000 Audited
Amount due for delivery within 12 months	**8,828**	5,065
Amount due for delivery after 12 months	**201,970**	185,172
	210,798	190,237

	30 June 2021 US$'000 Unaudited	31 December 2020 US$'000 Audited
As at 1 January	**190,237**	121,994
Additional contract liabilities	**27,281**	86,881
Contract liabilities utilised	**(10,483)**	(23,632)
Unwinding of discount on contract liabilities	**3,763**	4,994
As at end of period	**210,798**	190,237

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. Cash flow reconciliations

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Borrowings US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2021 (audited)	**514,662**	**8,061**	**522,723**
Cash flows			
Repayment	**(8,794)**	**(335)**	**(9,129)**
Realised loss on loan repayment	**175**	**—**	**175**
	(8,619)	**(335)**	**(8,954)**
Non-cash adjustments			
Payment in kind adjustment/accretion of interest	**1,380**	**262**	**1,642**
Unpaid invoices	**—**	**(291)**	**(291)**
Net debt fees	**1,752**	**—**	**1,752**
Borrowing fair value adjustments	**(3,042)**	**—**	**(3,042)**
Foreign translation	**(1,011)**	**79**	**(932)**
Balance at 30 June 2021 (unaudited)	**505,122**	**7,776**	**512,898**

	Borrowings US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2020 (audited)	532,052	5,570	537,622
Cash flows			
Repayment	(22,107)	(76)	(22,183)
Proceeds	3,835	—	3,835
	(18,272)	(76)	(18,348)
Non-cash adjustments			
Payment in kind adjustment/accretion of interest	1,791	337	2,128
Net debt fees	(4,618)	—	(4,618)
Borrowing fair value adjustments	3,674	—	3,674
Foreign translation	(819)	(404)	(1,223)
Balance at 30 June 2020 (unaudited)	513,808	5,427	519,235

20. Contingent liabilities

One of the Group's Nigerian subsidiaries ("the Subsidiary") had previously received approval from the Nigerian Investment Promotion Commission ("NIPC") that granted it exemption from certain corporate taxes for a period of five years from February 2014 ("Pioneer Relief"). Subsequently, NIPC reduced the exemption period to three years with the remaining two years subject to a further extension request, which the Subsidiary submitted, but has not yet been formally advised of the outcome. During a recent tax audit by the Nigerian tax authorities ("FIRS"), the validity of the extension request has been queried although no tax assessment has yet been raised.

The Group is of the view that it has fully complied with all requirements necessary to obtain the extension and therefore expect it to be approved in due course. However, if FIRS are ultimately successful, an additional US$61.0 million of gas profits would be subject to corporate taxes of approximately US$3.9 million together with a deferred tax charge of approximately US$15.5 million reflecting the utilisation of capital allowances.

21. Capital commitments

At 30 June 2021, capital commitments amounted to US$13.0 million (30 June 2020: US$1.9 million).

22. Events after the reporting date

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