31 July 2020

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

FY 2019 Preliminary Annual Results
Financial and Operational Update for H1 2020 and Outlook for FY 2020

Savannah Energy PLC, the British independent energy company focused around activities in Nigeria and Niger, is pleased to announce its unaudited preliminary results for the year ended 31 December 2019, which include approximately six weeks of operations in Nigeria, following the Company's successful acquisition of the Nigerian Assets in November 2019, together with a financial and operational update for H1 2020 and outlook for the FY 2020.

A copy of the Annual Report & Accounts will be finalised and posted to Shareholders shortly and a separate notification made in this regard.

Key Highlights

FY 2019 Highlights

- FY 2019 maiden Revenues of US$17.8m comprising US$16.9m of gas sales and US$0.9m of liquids sales;
- Average realised gas price of US$3.64/Mscf and an average realised liquids price of US$64.0/bbl;
- Average gross daily production for the post Nigerian Asset acquisition period of 17.7 Kboepd. On a full year basis production from the Nigerian Assets for 2019 rose 32% to 17.2 Kboepd from 13.0 Kboepd in FY 2018;
- Adjusted EBITDA[1] of US$1.8m (2018: negative US$13.4m), Pro-forma FY 2019 adjusted EBITDA of US$91.6m;
- Contract liabilities (or "Deferred Revenue") recognised in the Statement of Financial Position and related to invoiced sales in 2019 of US$13.3m, Pro-forma FY 2019 Deferred Revenue of US$59.8m;
- Loss after tax of US$96.8m (2018: US$24.6m)
- Net cash inflow of US$44.5m (2018: Outflow US$13.0m);
- Year-end cash balance of US$48.1m (2018: US$1.8m);
- Year-end net debt of US$484.0m (2018: US$13.1m); and
- Total Group assets amounted to US$1,145.0m at year-end (2018: US$266.0m).

H1 2020 Operational Update

Nigeria

- H1 2020 cash collections from the Nigerian Assets of US$82.1m compared to US$55.3m in H1 2019;
- Average gross daily production, of which 89% was gas, increased 18% during H1 2020 to 21.3 Kboepd (H1 2019: 18.1 Kboepd). This includes a 22% 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;

[1] 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.

- 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;
- As announced 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 ("FIPL Afam"). 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;
- 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; and
- In addition, Accugas is progressing a project which could see the addition of multiple new gas sales customers located within an industrial hub area in close proximity to our existing pipeline network.

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 to the planned R3 East facilities, and a 2C case economic break-even oil price estimated at US$26/bbl;
- As previously announced, 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, 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 Early Production System ("EPS") within the next 18 months, 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.

H1 2020 Financial Update and Guidance for FY 2020

- Group cash balance of US$54m as at 30 June 2020;
- Group net debt position of US$457m as at 30 June 2020; and
- Financial and operational guidance for FY 2020 as follows:
    - Total Revenues[2] of greater than US$200m;
    - Gross Production of 21 Kboepd to 23 Kboepd;
    - Group Administrative and Operating Costs[3] of US$68m to US$72m;
    - Group Depreciation, Depletion and Amortisation of US$25m fixed for infrastructure assets plus US$2.6/boe, i.e. US$43m – US$45m based on production guidance; and
    - Capital expenditure of up to US$45m.

[2] Total Revenues refers to the total amount of invoiced sales expected to be recorded in relation to the FY 2020 accounting period. This number is seen by management as more accurately reflecting the underlying cash generation capacity of the business as opposed to Revenue recognised in the Income Statement. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Income Statement is provided in the Financial Review section.
[3] Operating costs are defined as total cost of sales less royalty and depletion, depreciation and amortisation.

Andrew Knott, CEO of Savannah Energy, said:

"2019 was a pivotal year for our Company. We completed the Nigerian Asset acquisition in November 2019, which transformed Savannah into a highly cash flow generative full cycle energy company. Since acquiring the Nigerian Assets, we have made significant strides in terms of operational and financial progress, as seen with the strong production figures and robust cash collections in H1 2020, further strengthened our leadership team and stand poised to capitalise on the numerous opportunities that our asset portfolio in Nigeria and Niger presents us with.

This is an exciting time for our business. In Nigeria, via Accugas, Savannah currently supplies more than 10% of Nigeria's power sector. We generated strong cash collections in-country, of *US$82.1m in H1 2020* and *remain on track to sign further gas sales agreements in 2020. In Niger, we aim to implement an EPS on R3 East for near term first production and cash flow within the next 18 months, subject to market conditions and financing, and consider future drilling in our bank of 146 exploration targets over the course of the coming years."*

Unless otherwise defined, capitalised terms are as per the Company's Supplemental Admission Document dated 30 April 2020.

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

Savannah Energy Andrew Knott, CEO Isatou Semega-Janneh, CFO Sally Marshak, Communications Consultant	+44 (0) 20 3817 9844
Strand Hanson (Nominated Adviser) James Spinney Ritchie Balmer Rory Murphy	+44 (0) 20 7409 3494
Mirabaud (Corporate Broker) Peter Krens Ed Haig-Thomas	+44 (0) 20 7878 3362
Celicourt Communications Mark Antelme Jimmy Lea Ollie Mills	+44 (0) 20 8434 2754

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 energy company with exploration and production assets in Nigeria and Niger. 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.

Chairman's Statement

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

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

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

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

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

The welfare of our workforce and their families, as well as our ability to maintain operations in the face of the global COVID-19 pandemic, is of critical importance to us. We have rigorous systems in place to manage, monitor and respond to this unprecedented situation. These systems set out protocols designed to instil vigilance in our offices, sites and operational areas within our direct control, and when dealing with our contractors and suppliers. Our goal is to minimise the risks to our employees and our wider business as far as reasonably practicable. We shall continue to keep these under review and amend as appropriate as the situation continues to develop.

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

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

We are committed to maintaining the highest environmental, social and governance standards and, with the integration of the Nigerian workforce, we have established strong health, safety, security and environment values across the enlarged Group. We are proud that we have continued to deliver first-class safety performance with no Lost Time Incidents or adverse environmental impact. We have commenced a review of our approach to sustainability performance reporting in 2020, with a view to harmonising and enhancing our approach across the enlarged Group.

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

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

Steve Jenkins
Chairman
31 July 2020

CEO's 2019 Review

Dear fellow shareholders,

I have divided this year's review into four sections. The first section is a re-cap of our journey as a listed company from a start-up exploration business in 2014 to a full cycle energy company expected to report Total Revenues[2] in excess of US$200 million in 2020. The second section discusses the financial performance we expect to deliver in 2020. The third talks about potential growth opportunities for the business that we expect to pursue and their associated value creation potential over the course of 2020 and 2021. The fourth section looks at our approach to, and plans for, sustainability reporting and the hugely positive societal impact our projects in Nigeria and Niger are delivering.

Our journey so far

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

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

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

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

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

Other key workstreams associated with the transaction saw us:

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

Completion of these necessarily complex workstreams has led to an outcome that is simple to understand. We have acquired 130 MMboe of 2P reserves and 2C resources[6], together with a 200 MMscfpd gas processing facility and an extensive 260km pipeline network with significant spare capacity, for an aggregate cost of approximately US$6/boe and which have been independently forecast to generate an average of US$130 million of asset level free cashflow for the period 2020-23. Most importantly, we have achieved operating control[7] over all of these acquired assets.

Since announcing the acquisition in November 2017, and having worked alongside the former Seven management team over the course of the past three years, substantial operational improvements in the

[4] Gross 2P reserves and 2C resources as per Nigeria Competent Person Report by CGG Services (UK) Ltd., December 2019.
[5] Calculated by value on a maintenance adjusted take-or-pay basis.
[6] Nigeria Competent Person Report by CGG Services (UK) Ltd., December 2019.
[7] We operate the CPF, pipelines and the Stubb Creek field. While Frontier Oil Ltd is the operator of record for the Uquo field, the Uquo Marginal Field Joint Operating Agreement was amended to give us a 100% economic interest. in, and operational control over the Uquo gas project.

assets have been delivered. Net production has increased from 14.0 Kboepd in 2H 2017 to 19.6 Kboepd in H1 2020 (+40%), with cash collections increasing from US$60 million to US$82 million (+37%) over the same period. Over the course of 2019 operating costs[8] of the acquired Nigerian assets averaged an impressively low US$3.7/boe. These are clearly significant achievements. Furthermore, we see strong potential for additional unit cost improvements over time as production levels ramp-up against our predominantly fixed cost base.

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

Savannah Energy today

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

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

- Total Revenue[2] of greater than US$200 million
- Gross Production of 21 Kboepd to 23 Kboepd
- Group Administrative and Operating Costs[8] of US$68 million to US$72 million
- Group Depreciation, Depletion and Amortisation of US$43 million – US$45 million based on production guidance
- Capital expenditure of up to US$45 million

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

New growth opportunities

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

Infrastructure capacity utilisation and price optimisation at Accugas

The Accugas infrastructure comprises a 200 MMscfpd capacity CPF, which if successfully de-bottlenecked could see its capacity increased by an estimated 10 - 20%, and a 600 MMscfpd capacity pipeline network. This compares to the 2019 gas throughput of only 94 MMscfpd and maintenance adjusted 2020 take-or-pay[9] volumes of 141 MMscfpd. Our gross upstream gas reserve and resource at year-end 2019, all of which can be processed and distributed through this infrastructure, was 1.1 Tscf implying a reserves and resources life of 21 years on a maintenance adjusted take-or-pay volume basis[10].

Given the spare CPF capacity, a low-cost opportunity exists to increase utilisation of our existing infrastructure by targeting customers who are either connected, or located in close proximity to, our pipeline network. Further, it should be noted that the industrial gas price in Nigeria is typically significantly higher (approximately 50% to 150% dependent on location) than that paid by power stations, which creates a significant opportunity to increase our weighted average gas sales price over the course of the

[8] Operating costs are defined as total cost of sales less royalty and depletion, depreciation and amortisation.
[9] All of Accugas' gas sales agreements are structured as take-or-pay contracts, whereby customers agree to buy and pay for a minimum amount of gas over the course of a year, regardless of the amount of gas they physically take delivery of. This minimum amount is referred to as the maintenance adjusted take-or-pay volume for each contracts.
[10] Based on current contracted volumes.

coming years. At the time of writing, Accugas is in discussions with multiple potential new customers, both industrial and power stations, and I expect this to result in the addition of further new Gas Sales Agreements over the course of 2020/21. To "size the prize" we would estimate this opportunity to potentially represent more than US$40 million of incremental annualised free cashflow associated with new annualised take-or-pay cash receipts to Accugas. To put this in context the Nigerian Assets have been assessed by the well-respected geo-technical consultancy CGG Services (UK) Ltd ("CGG") as being expected to generate US$130 million of near-term annualised cashflows, on a maintenance adjusted take-or-pay basis.

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

Capitalising on Niger Potential

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

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

We are also seeking to recommence ARB exploration activities in 2021. We view ARB exploration with reference to the basin-wide exploration results observed over the course of the past 12 years, whereby the average discovery has been around 30 MMstb of oil in place and 81% of the exploration wells drilled have been successful (i.e. 115 discoveries out of 142 wells). We believe that, from a reasonably sized drilling campaign in our acreage, it would be reasonable to assume similar results to those seen in the past, a view shared by CGG in our 30 April 2020 CPR who say: "*the structural prospects in the Alternances we assessed are seen as carrying a low exploration risk profile (i.e. we see as carrying a similar risk profile to those drilled elsewhere in the basin to date)."* Our next campaigns are likely to continue to focus on the R3 and R1 areas, where we have an extremely large inventory of potential drilling targets.

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

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

New Projects

Since Savannah became a listed company there have been significant changes in the financial market's attitude towards upstream oil and gas. In the decade prior to listing, upstream oil and gas companies, especially European upstream oil and gas companies, typically operated with business models focused on delivering long-term value through exploration successes, rather than a focus on short term financial

performance. This period coincided with a rise in the oil price from an average of US$38/bbl in 2004 to an average of US$99/bbl in 2014 and a relatively low cost of capital for the sector. The European E&P sector outperformed the FTSE All-Share Index by over 700% over this period and delivered many exploration successes. However, ultimately this "easy" access to capital led to inefficiencies with marginal projects being pursued and a number of potentially good projects disappointing financial investors due to material cost overruns.[11]

More recently the external environment has changed dramatically. The oil price has fallen from around US$100/bbl in 2014 to around US$40/bbl at the time of writing and averaged US$63/bbl in the period 2014-2020 versus US$95/bbl over 2008–2014. The European E&P sector has significantly underperformed the FTSE All-share Index. We have seen the increasing focus of both the upstream oil and gas industry and the North American financial markets on unconventional shale opportunities at the expense of conventional oil and gas opportunities. We have also seen the increasing importance of the tech sector which now constitutes around 27% of S&P 500 versus around 19% in 2014 at the expense of the oil and gas sector which now constitutes 3% of the S&P 500 versus 10% in 2014. Within the oil and gas industry, we have seen an increasing investor focus on scale, operational capability and financial sustainability. For example, there are just eight listed oil and gas companies in the FTSE-All Share O&G Index versus 18 companies when we listed, with the Majors BP & Shell accounting for 98% of total market capitalisation versus 79% when we listed.[11]

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

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

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

I believe Savannah is well positioned to potentially take advantage of this situation and that, in doing so, we have several competitive advantages versus many of our peers. Firstly, we have a strong track record of operating, and transacting, in projects of host country strategic importance in Africa. We have an extremely experienced senior management team which has wide operational experience across the Continent. This enables us to demonstrate our capabilities to vendors and regulators and to properly assess project risk and opportunity. Secondly, we have strong and supportive financing relationships. Our shareholder register is primarily comprised of long-term orientated financial investors. We have a significant corporate treasury capacity that already manages over US$500 million of well-structured debt facilities. We have long-held relationships, and have completed transactions with oil trading and energy-

[11] The source for all data in this paragraph is Bloomberg.

focused private equity firms. Thirdly, as a business, Savannah is very disciplined (note, it took us three years to identify the Nigerian Asset transaction). We have a clear focus on projects we would consider pursuing and the patience to wait for the right opportunity.

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

All the above said, it important to stress that we have an extremely robust existing business with significant organic growth potential. We will also only pursue new venture opportunities to the extent they significantly enhance the unit value per share of our company and our ability to commence significant dividend payments to our shareholders.

Sustainability is at the heart of what we do

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

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

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

Our projects in both Nigeria and Niger make an overwhelmingly positive impact on the socio-economic development of both countries. In 2019 our direct socio-economic contributions in Nigeria and Niger amounted to approximately US$42 million, comprising payments to host governments, local suppliers and contractors, employee salaries and social impact investment in the local communities in which we operate. This brings our overall socio-economic contributions in Nigeria and Niger by Savannah subsidiary companies since 2014 to a total of US$520 million while, during that time, we have invested US$1.6 billion in infrastructure and facilities in our host countries[12].

Further our Nigeria and Niger business units are delivering projects which are of material importance to our host countries and confer major societal benefits in these countries. In Nigeria we provide a stable and reliable supply of gas to power stations representing over 10% of the country's available power generation capacity. Additionally, Savannah, as one of only four energy companies currently operating in the ARB, is poised to play a major role in developing the country's nascent energy sector, which could potentially increase Niger's gross domestic product by an estimated 25% as the country moves towards becoming a net exporter of hydrocarbons within the next few years.

[12] Overall socio-economic contributions defined as payments to governments, local suppliers and contractors, and employee salaries during 2014-2019 and includes contributions to Nigeria during the period pre-acquisition of the Nigerian assets by Savannah.

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

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

Andrew Knott
Chief Executive Officer
31 July 2020

Financial Review

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

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

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

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

Refer to financial information: Note 14 "Business Combinations"

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

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

Result for the year

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

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

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

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

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

Sales Volumes

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

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

Revenue

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

The average realised price in 2019 for gas was US$3.64/Mscf and for liquids was US$64.0/bbl. It is of note that the gas revenue stream is insulated from fluctuations in oil price as the gas contracts are all priced entirely independently of oil prices. Additionally, 94% of 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.

During this period in addition to the recognised revenue of US$16.9 million for gas delivered, the amount due from customers for the take-or-pay volumes in excess of gas delivered was an additional US$13.3 million. This amount is invoiced and recorded as deferred revenue in the Statement of Financial Position, under Contract Liabilities. All the gas contracts are take-or-pay contracts where, if customers take less than the take-or-pay quantity, they are still required to pay for the minimum contractual amount of gas (equivalent to 141 MMscfpd on a maintenance downtime adjusted basis in 2019).

In order to provide clarity as to the cash neutrality of take-or-pay accounting rules, a theoretical simplified worked example is set out below:

Simplified worked Examples of IFRS 15 take-or-pay accounting

Example of the impact of take-or-pay accounting on the Income Statement and Statement of Financial Position: an invoice is raised for US$100. In all cases the cash payable is US$100 but the accounting treatment differs depending on whether gas is delivered or yet to be delivered	**Case 1:** US$80 is for gas that has been delivered to the customer, and US$20 is for gas that is due to be delivered to the customer in the future under take-or-pay terms	**Case 2:** US$100 is for gas that has been delivered	**Case 3:** US$100 is for gas that is due to be delivered to the customer in the future under take-or-pay terms
	US$	US$	US$
Statement of Financial Position: Trade receivable, or cash received	100	100	100
Income Statement: Revenue for gas delivered	80	100	0
Statement of Financial Position: Contract Liability – gas invoiced/ paid for (known as make-up gas) to be delivered in the future, when it will be recorded as revenue	20	0	100

Cost of Sales

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

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

Other items in the Statement of Comprehensive Income

Administrative and other operating expenses

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

Net Financing Costs

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

Foreign Exchange loss

The foreign exchange loss of US$12.7 million (2018: US$0.9 million) arises mainly from the fact that US dollar denominated gas sales receipts were collected in local currency converted at the Central Bank of Nigeria ("CBN") official rate. In order to purchase US dollars to service US dollar obligations, Savannah is obliged to use the Nigerian Autonomous Foreign Exchange rate ("NAFEX"), which is the benchmark rate for foreign exchange spot operations in the Investors' and Exporters' foreign exchange window. During 2019 the CBN exchange rate was approximately 306 Naira/US$ and the NAFEX rate was approximately 360 Naira/US$, a 15% differential. This exchange rate differential was and continues to be included in our future planning assumptions. The foreign exchange losses are thus not a result of sudden unexpected changes in rates, rather the fact that two parallel rates exist which are accounted for in our forecasting. We are encouraged by the fact that post year end, in March 2020, the CBN adjusted the official rate which has resulted in the differential between the CBN and NAFEX rates falling to 7%. The Nigerian Government has indicated to the World Bank that it will unify these two rates in the next 12 months.

These losses are in part recoverable through a foreign exchange "true-up" clause in the Calabar NIPP GSA 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. However, there is a timing difference between when the initial foreign exchange loss is recorded and any amount is recovered and this resulted in an exchange loss of US$7 million in the period to 31 December 2019.

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

Exceptional Non-Recurring Items

Transaction costs

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

Fair value adjustment

In February 2018 the Company acquired US$305.6 million of 10.25% Senior Secured Notes ("the Notes") issued by the Seven Energy Group, from the note holders for cash consideration of US$41 million and

the issue of 224 million new ordinary shares in the Company. This was the initial step in the acquisition of the Nigerian assets. The Notes were accounted for on a basis of 'fair value through profit or loss' which required fair value accounting at each reporting date. On acquisition of the Nigerian assets, the Notes were revalued using a discounted cash flow approach based on the underlying assets upon which they were secured. The value of the Notes was reduced by a fair value adjustment of US$54.7 million and the remaining revalued amount of U$34.3 million was contributed as part of the acquisition consideration.

Gain on acquisition

An overall gain on acquisition, or "bargain purchase", of US$10.2 million is recognised, being the excess of the fair value of net assets acquired over the fair value of consideration transferred. For further detail in this respect refer to financial information: Note 14 "Business Combinations".

Loss before Tax

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

Loss after Tax

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

The tax credit of US$8.6 million (2018: nil) is made up of a current tax charge of US$0.3 million and a deferred tax credit of US$8.9 million. The deferred tax credit principally arises on losses generated post acquisition of the Nigerian assets which are expected to be utilised against future profits.

Statement of Financial Position

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

Debt

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

The following is a summary of the key debt facilities:

- Accugas Limited has a US$382 million term loan facility with a final maturity date of 31 December 2025 with principal repayments of a varying and increasing percentage every six months over the life of the facility. This facility also has a cash sweep feature which will trigger mandatory prepayments from free cashflow. The interest rate on this facility is US LIBOR plus 10.49%;
- SUGL has a US$105 million senior secured note, with an interest rate of 8%, which matures on 31 December 2026 with principal repayments of US$4.2 million every six months and the balance due on maturity;
- SUGL has a term facility of Naira 4.8 billion (US$13.2 million) with interest of NIBOR plus 5% and principal repayments of US$0.5 million every six months and the balance due on maturity on 31 December 2026;
- Accugas Holdings UK plc has a US$20 million senior secured note with a cash interest rate of 6%, or a payment-in-kind interest rate of 8%. This note can be redeemed before 14 November 2021 at

a cost of US$10 million, an amount which increases by 10% for each year later that it is redeemed. The note is carried at an initial fair value of US$17.9 million. This note has a final maturity in 2025;

- Accugas Holdings UK plc also has a promissory note of US$11.5 million with an interest rate of 8% or payment-in-kind interest of 10%, with principal repayments of US$0.5 million every six months from 30 June 2021 with the balance due on maturity on 31 December 2025; and
- Savannah Petroleum Niger has a FCFA 7.5 billion (US$12.9 million) revolving credit facility with an interest rate of 7.5% and a final maturity date is December 2022.

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

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

Receivables and Payables

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

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

Cashflow

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

The net cash outflow from operating activities was US$12.3 million (2018: US$32.4 million) which included the transaction costs, incurred in line with expectations, in the Nigerian assets acquisition. These operating activities included cash inflows during the period from 14 November 2019 to 31 December 2019 from oil and gas sales of US$43.3 million (US$42.4 million for gas and US$0.9 million for oil). During the year, payments for property plant and equipment amounting to US$1.7 million (2018: US$1.4 million) were made plus US$5.7 million (2018: US$19.4 million) paid for exploration and evaluation costs which were mostly in relation to the Production Sharing Contract obligations in Niger. In 2019, the Company advanced additional funds of US$11.3 million to support Seven with its ongoing costs prior to the acquisition. This loan along with amounts previously advanced was used to form part of the purchase consideration on completion of the acquisition.

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

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

Brexit

Savannah's operations are primarily based in West Africa, with its Corporate Head Office in London. The Board of Directors 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 following year end. The full extent of the COVID-19 outbreak and the adverse impact this may have on our workforce and key suppliers and its impact on the global economy and the energy industries remains unclear at the time of writing. However, we have witnessed some short-term impacts on our supply chain and planned work programmes particularly where overseas vendors and contractors are required to make visits to install and commission equipment.

Going concern

The funding and liquidity position of the Group has fundamentally changed over the course of 2019 and it is now a material cash generative business. We recognise that this change in business mix also brings risks that must be considered when looking at the funding and liquidity position. Having reviewed the forecasted 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

31 July 2020

H1 2020 Operational Update

Average gross daily production from the Nigerian Assets increased 18% in H1 2020 to an average of 21.3 Kboepd versus 18.1 Kboepd for H1 2019. This includes a 22% 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).

On 30 May 2020 Savannah achieved an all-time Nigerian Assets gas production record of 177 MMscfpd, through a combination of increased supply to our industrial and power station offtakers. 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.

In H1 2020, Accugas has ramped up gas supply to the Nigeria power sector by 35%. This is despite the challenging times when industry-wide gas shortages have increased by 33%. Accugas presently and consistently supplies gas to more than 10% of Nigeria's power sector.

Nigeria Average Gross Daily Production

	Stubb Creek Oil (Kbopd)	Uquo Condensate (bopd)	Uquo Gas (MMscfpd)	Total (Kboepd)
FY 2018	**2.3**	**105.0**	**63.5**	**13.0**
FY 2019	**2.4**	**136.0**	**88.1**	**17.2**
% Increase	**4%**	**30%**	**39%**	**32%**

1 January-30 June 2019	2.5	140.3	92.7	18.1
1 January-30 June 2020	2.3	142.9	113.5	21.3
% Increase	**-11%**	**2%**	**22%**	**18%**

Production levels are driven by customer nomination levels, while cash collections are largely driven by contractual maintenance adjusted take-or-pay provisions of 141 MMscfpd in aggregate. 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. In addition, Accugas is progressing a project which could see the addition of multiple new gas sales customers located within an industrial hub area in close proximity to our existing pipeline network.

In 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 within the next 18 months, 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 30 April 2020 Niger CPR.

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.

H1 2020 Financial Update and Outlook for FY 2020

Total cash collections from the Nigerian Assets in H1 2020 were US$82.1m compared to US$55.3m in H1 2019. As of 30 June 2020, the Group's current cash position stood at US$54.0m with group net debt as at 30 June 2020 of US$457m. In the eight-month period since the Nigerian assets were acquired on 14 November 2019 there has been a notable deleveraging with the principal debt reduced by approximately US$44m.

We are providing the following financial and operational guidance for FY 2020.

We expect FY 2020 Total Revenues[2] in excess of US$200m. This is approximately 5% higher than for 2019, being to the same customers, under the same take-or-pay arrangements, adjusted for contractual price increases.

Gross Production is expected to be 21 Kboepd to 23 Kboepd in FY 2020.

Group Administrative and Operating Costs of US$68m to US$72m for FY 2020, with a strong focus on cost discipline.

Group Depreciation, Depletion and Amortisation of US$25m plus US$2.6/boe, i.e. US$43m to US$45m based on production guidance for FY 2020.

Capital expenditure of up to US$45m for FY 2020.

Unaudited Consolidated Statement of Comprehensive Income

for the year ended 31 December 2019

	Note	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Revenue	3	**17,758**	—
Cost of sales	4	**(11,514)**	—
Gross Profit		**6,244**	—
Administrative and other operating expenses		**(13,581)**	(13,369)
Transaction costs		**(29,732)**	(14,700)
Expected credit loss on financial assets	11	**(431)**	—
Operating loss		**(37,500)**	(28,069)
Finance income		**1,378**	869
Finance costs	5	**(12,173)**	(1,413)
Gain on acquisition of subsidiaries	14	**10,209**	—
Fair value adjustment		**(54,664)**	4,953
Foreign translation loss		**(12,663)**	(948)
Loss before tax		**(105,413)**	(24,608)
Tax credit/(expense)	6	**8,566**	(5)
Net loss and total comprehensive loss		**(96,847)**	(24,613)
Total comprehensive loss attributable to:			
Owners of the Group		**(92,585)**	(24,519)
Non-controlling interests		**(4,262)**	(94)
		(96,847)	(24,613)
Earnings per share			
Basic (US$)	7	(0.10)	(0.03)
Diluted (US$)	7	(0.10)	(0.03)

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

Unaudited Consolidated Statement of Financial Position

as at 31 December 2019

	Note	**2019 US$'000**	2018 US$'000
Assets			
Non-current assets			
Property, plant and equipment	8	**618,286**	2,431
Exploration and evaluation assets	9	**154,745**	150,425
Long-term financial assets		—	88,956
Deferred tax assets		**209,363**	—
Right-of-use assets		**4,183**	—
Restricted cash		**1,828**	—
Total non-current assets		**988,405**	241,812
Current assets			
Inventory	10	**4,020**	—
Trade and other receivables	11	**99,771**	22,359
Prepayments		**6,561**	313
Cash and cash equivalents	12	**46,256**	1,750
Total current assets		**156,608**	24,422
Total assets		**1,145,013**	266,234
Equity and liabilities			
Capital and reserves			
Share capital	13	**1,393**	1,240
Share premium	13	**61,204**	—
Capital contribution	13	**458**	458
Share-based payment reserve	13		5,908
		6,448	
Other reserves	13	—	(4,989)
Retained earnings	13	**164,885**	225,679
Equity attributable to owners of the Group		**234,388**	228,296
Non-controlling interests		**(2,983)**	(491)
Total equity		**231,405**	227,805
Non-current liabilities			
Other payables		**7,500**	—
Borrowings	16	**460,665**	—
Long term lease liabilities		**4,956**	—
Provisions	17	**109,503**	—
Contract liabilities	18	**118,052**	—
Total non-current liabilities		**700,676**	—
Current liabilities			
Trade and other payables	15	**133,899**	23,522
Borrowings	16	**71,387**	14,871
Financial liability		—	36
Tax liabilities	6	**3,090**	—
Short term lease liabilities		**614**	—
Contract liabilities	18	**3,942**	—
Total current liabilities		**212,932**	38,429
Total equity and liabilities		**1,145,013**	266,234

Unaudited Consolidated Statement of Cash Flows

for the year ended 31 December 2019

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

Unaudited Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

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

Warrants expired		—	—	—	—	4,989	(4,989)	—	—	—
Transactions with equity holders		—	—	—	—	—	37,230	37,230	1,770	39,000
Balance at 31 December 2019		**1,393**	**61,204**	**458**	**6,448**	—	**164,885**	**234,388**	**(2,983)**	**231,405**

Notes to the Financial Information

for the year ended 31 December 2019

1. Corporate information

Savannah was incorporated in the United Kingdom on 3 July 2014. On 16 April 2020 the Company changed its name from Savannah Petroleum PLC to Savannah Energy PLC. Savannah's sole activity until 14 November 2019, was the management of its investment in Savannah Petroleum 1 Limited ("SP1"). SP1 was incorporated in Scotland on 3 July 2013. SP1's principal activity is the management of its investment in Savannah Petroleum 2 Limited ("SP2"), and the provision of services to other companies within the Group. SP2 has a 95% interest in Savannah Petroleum Niger R1/R2 S.A. ("Savannah Niger") whose principal activity is the exploration of hydrocarbons in the Republic of Niger.

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

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

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

No dividends have been declared or paid since incorporation.

The Company's registered address is 40 Bank Street, London E14 5NR.

2. Basis of preparation

The unaudited consolidated summary financial information of the Group has 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 unaudited consolidated summary financial information has been prepared under the historical cost convention.

The unaudited summary financial information set out in this announcement does not constitute the Group's consolidated statutory accounts for the years ended 31 December 2019 or 31 December 2018. The results for the year ended 31 December 2019 are unaudited. The statutory accounts for the year ended 31 December 2019 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies in due course. The statutory accounts are subject to completion of the audit and may change should a significant adjusting event occur before the approval of the Annual Report.

The statutory accounts for the Group for the year ended 31 December 2018 have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not include references to any matter which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

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

Going concern

The funding and liquidity position of the Group has fundamentally changed during the year following the completion of the Nigeria acquisition. The Group is now a material cash generative business but this also brings exposure to a wider range of risks that require to be considered when looking at the Group funding and liquidity position. The Group has entered 2020 in a strong financial position with cash on balance

sheet of US$46.3 million and high receivables that it expects to collect from its customers in 2020 and the Board remains satisfied with the Group's funding and liquidity position.

The Directors have reviewed the Group's forecasted cash flows as well as the funding requirements of the Group for the 12 months from the date of publication of this Annual Report. The capital expenditure and operating costs used in these forecasted cash flows are based on the Company's approved corporate budget which includes operating budgets for each of the operating subsidiaries and an estimate of the corporate general and administrative costs for the period. This corporate budget was prepared on a 'bottom up' basis and it reflects the Company's best estimate of forecast operating and capital expenditures, and general and administrative costs. Management regularly monitors performance against budget and the Directors believe it reflects a fair and realistic basis for future performance.

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

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

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

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

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

The funding and liquidity position of the Group together with its robust business model largely mitigates the risks arising from these sensitivities. Firstly, the Group benefits from underlying long-term, take-or-pay gas contracts in Accugas and these contracts are underpinned by external credit support (including the partial risk guarantee covering payments from Calabar, and a standby letter of credit from an investment grade bank supporting payments from Unicem). Over 90% of the revenue base is investment grade calibre and the risk of non-payment is considered by the Directors to be mitigated. The Group's direct exposure to oil price is limited given that liquids revenues account for approximately 8% of total

forecast revenues for 2020. The Company has considered sensitivities to oil price and this is not considered to be a material risk.

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

As a result, the Directors consider that, in a low-price environment the Company has sufficient resources at its disposal to continue operating for the foreseeable future. The foreseeable future is defined as being not less than 12 months from the date of publication of these Consolidated Financial Statements. On this basis, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

Transactions eliminated upon consolidation

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Employee Benefit Trust

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

3. Revenue

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

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

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

4. Cost of sales

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

5. Finance costs

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

6. Income tax

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

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

Corporation tax is calculated at the applicable tax rate for each jurisdiction based on the estimated taxable profit for the year. The Group's outstanding current tax liabilities of US$3.1 million (2018: nil) relate to the corporation tax liabilities in Nigeria, France and the UK. As a consequence of the acquisition of the Seven Energy Group assets and entities, the tax rate used for 2019 reconciliation is the Nigerian rate of 30%, as income generating activities occur principally in that jurisdiction. In 2018, the UK corporation tax rate of 19% was used.

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

7. Earnings per share

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

Diluted loss per share is calculated by dividing the loss for the periods attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. The effect of any outstanding share options or warrants is anti-dilutive in both years, and is therefore excluded from the calculation of diluted loss per share.

	2019	2018
Year ended 31 December	**US$'000**	US$'000
Earnings		
Loss attributable to owners of the parent	**(92,585)**	(24,519)

	Number of shares	Number of shares
Basic and diluted weighted average number of shares	**889,971,159**	757,050,293

	US$	US$
Loss per share		
Basic and diluted	**(0.10)**	(0.03)

8. Property, plant and equipment

	Oil and gas	Infrastructure	Other	
	assets	assets	assets	Total
	US$'000	US$'000	US$'000	US$'000
Cost				
Balance at 1 January 2018[2]	1,623	—	1,810	3,433
Additions	1,105	—	258	1,363
Reallocation to exploration and evaluation assets[1]	(1,140)	—	(413)	(1,553)
Balance at 31 December 2018	1,588	—	1,655	3,243
Additions	2,062	3,556	110	5,728
Recognised on acquisition of subsidiaries	164,240	453,858	1,114	619,212
Balance at 31 December 2019	**167,890**	**457,414**	**2,879**	**628,183**
Accumulated depreciation				
Balance at 1 January 2018[2]	(34)	—	(466)	(500)
Depreciation charge	(56)	—	(256)	(312)
Balance at 31 December 2018	(90)	—	(722)	(812)
Depletion and depreciation charge	(3,179)	(5,671)	(235)	(9,085)
Balance at 31 December 2019	**(3,269)**	**(5,671)**	**(957)**	**(9,897)**
Net book value				
Balance at 31 December 2018	1,498	—	933	2,431
Balance at 31 December 2019	**164,621**	**451,743**	**1,922**	**618,286**

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

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

9. Exploration and evaluation assets

Exploration and evaluation assets consist of acquisition costs relating to the acquisition of exploration licences and other costs associated directly with the discovery and pre-development of specific oil and gas resources in the R1/R2 and R3/R4 licence area in the Republic of Niger, under two Production Sharing Agreements ("PSCs") respectively, as described and updated below for changes in the license position.

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

The amount for exploration and evaluation assets represents active exploration projects. These will ultimately be written off to the statement of comprehensive income as exploration costs if commercial reserves are not established, but are carried forward in the statement of financial position whilst the determination process is not yet completed and there are no indications of impairment having regard to the indicators in IFRS 6. Included within these assets are intangible assets such as drilling costs, seismic data, capitalised overheads which amount to US$148.5 million (2018: US$ 144.4 million).

The initial phase of R1/R2 expired in July 2019, However, during the first half of 2020,the Company agreed with the Ministry of Energy and Petroleum that the R4 licence area will be combined with the R1/R2 PSC area into a new R1/R2/R4 PSC to be issued under the Petroleum Code 2017, thus retaining the full acreage position previously covered by the R1/R2 PSC and the R3/R4 PSC. Ratification of the new R1/R2/R4 PSC is subject to Council of Minister approval, and payment of the associated fee.

10. Inventory

			2019	2018
As at 31 December			**US$'000**	US$'000
Spare parts			1,499	—
Crude oil			2,521	—
			4,020	—

Spare parts are parts of a gas engine generator which will be used for spares and other operations. There is no impaired inventory at year end.

11. Trade and other receivables

			2019	2018
As at 31 December			**US$'000**	US$'000
Trade receivables Contract assets Receivables from a joint arrangement			**30,864** **19,497** **30,321**	— —
 Expected credit loss			**80,682** **(431)**	— —
 VAT receivables			**80,251** **75**	— 151
Loan to Seven Energy International Limited			**—**	18,319
Other receivables			**19,445**	3,889
			99,771	22,359

Following the acquisition of the Seven Energy Group assets and entities, the Group completed the restructuring of economic interests in the Uquo Field with its partner Frontier Oil Limited. The agreement granted economic ownership and control of 100 per cent. of the gas operations, and its partner was

granted economic ownership and control of 100 per cent. of the oil operations at the Uquo Field. Under the terms of the restructuring, the Group made an advance payment of cash calls of US$20.0 million to its partner. A further US$14.1 million of advance cash calls is payable in Naira across three yearly instalments, with the first instalment of US$5.0 million due by the end of 2020. The advanced cash call amounts have been recorded within Receivables from a joint arrangement.

Included in Other receivables at 31 December 2019, are amounts relating to pipeline transport tariffs recoverable from one of the Group's gas customers, crude oil processing fees and other settlement amounts owed from joint arrangement partners. Included in 2018 'other receivables' is a 'deemed paid up' share capital amount of US$3.5 million.

A liquidity facility was provided to SEIL, the ultimate parent of the Seven Energy Group for working capital purposes from 2018 until Transaction completion. Interest on this facility was charged at an annual interest rate of 6.5%. The Group concluded that it is appropriate to measure the liquidity facility at amortised cost, in terms of IFRS 9, with applicable reasoning as follows:

- the facility was agreed to be repaid in cash following completion of the Seven Energy Group acquisition. The facility is therefore held with the intention to collect funds from Seven Energy Group. The "business model" test is therefore complied with;
- the cash received by the Group would be solely payments of principal and interest, therefore the so-called "SPPI test" is complied with;
- in 2019, as part of the consideration to acquire the Seven Energy Group assets and entities from SEIL, this amount was de-recognised as a loan receivable and transferred to one of the Company's holding companies where it was capitalised as part of the Investment in subsidiaries; and
- the final amount contributed at the acquisition date was US$31.8 million (note 14) and this represented both the amortised and fair value amount as these were not materially different.

Set out below is the movement in the allowance for expected credit loss on trade receivables:

	2019 **US$'000**	2018 US$'000
As at 1 January	—	—
Provision for expected credit loss	**(431)**	—
As at 31 December	**(431)**	—

12. Cash and cash equivalents

As at 31 December			**2019** **US$'000**	2018 US$'000
Cash and cash equivalents			**46,256**	1,750

The Directors consider that the carrying amount of cash and cash equivalents approximates their fair value.

Cash and cash equivalents includes US$1.381 million (2018: US$1.374 million) of cash collateral on the Orabank revolving facility. The cash collateral was at a value of XOF 807.1 million. The movement between years relates wholly to foreign exchange movement.

13. Capital and reserves

As at 31 December	**2019**	2018
Fully paid ordinary shares in issue (number)	**996,408,412**	816,969,427
Par value per share in GBP	**0.001**	0.001

	Number of shares	Share capital US$'000	Share premium US$'000	Total US$'000
At 1 January 2018	302,083,447	520	157,188	157,708
Shares issued	514,885,980	720	152,385	153,105
Cancellation of share premium	—	—	(309,573)	(309,573)
At 31 December 2018	816,969,427	1,240	—	1,240
Shares issued	179,438,985	153	61,204	61,357
At 31 December 2019	**996,408,412**	**1,393**	**61,204**	**62,597**

In January 2019 the Company issued 62,800,000 new ordinary shares in an equity fund raising to the value of US$22.1 million (net).

In November 2019 the Company issued 116,638,985 new ordinary shares: 90,666,308 relating to shares issued with the US$20 million SSN's and the issue of 25,972,677 additional consideration shares for the Seven Energy Group acquisition. The fair value of the issue of these shares amounted to US$40.4 million (gross).

In February 2018 the Company issued 505,646,256 new ordinary shares as part of an equity fund raising to the value of US$117 million (gross). 224,021,689 of the new ordinary shares were allotted as consideration for the acquisition of US$305.6 million worth of 10.25% Senior Secured Notes due 2021 issued by Seven Energy Finance Limited.

The Company issued warrants along with the shares issued during the placings in December 2017 and February 2018, being one warrant for every two ordinary shares placed. The warrants were exercisable at a price equal to the placing price of the Company's shares on the date of grant. There is no vesting period. The warrants remained unexercised after a period of one year from the date of the second grant and therefore they expired.

Following re-admission of the Group onto the London Stock Exchange in December 2017, the Group established an employee benefit trust ("EBT") to facilitate the adoption of certain management and employee incentive schemes. The EBT subscribed for 42,624,837 ordinary shares, issued as part of the second tranche equity placing in February 2018.

In June 2018 the Company cancelled its share premium account to ensure adequate distributable reserves were in place.

	Capital contribution US$'000	Share-based payment reserve US$'000	Other reserves US$'000	Total US$'000
At 1 January 2018	458	4,551	—	5,009
Share-based payments expense during the year	—	1,357	—	1,357
Warrants issued at fair value	—	—	(4,989)	(4,989)
At 31 December 2018	458	5,908	(4,989)	1,377
Share-based payments expense during the year	—	540	—	540
Warrants expired	—	—	4,989	4,989
At 31 December 2019	458	6,448	—	**6,906**

Nature and purpose of reserves

Capital contribution reserve

On 1 August 2014 a capital contribution of US$458,000 was made by shareholders of the Group as part of the loan note conversion.

Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Other reserves

The other reserves figure represents the reclassification of the fair value of warrants granted from equity to a financial liability, at initial grant date. These warrants expired during the year.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while seeking to maximise the return to shareholders through the optimisation of the debt and equity balance.

14. Business combinations

In 2017 the Group confirmed its intention to acquire certain operating assets and entities from the Seven Energy Group. These assets included interests in two Nigerian producing onshore upstream oil and gas fields, together with a midstream gas marketing, processing and transportation business.

These two fields – Uquo Field and Stubb Creek Field, are located in southern Nigeria in the south east of the Niger Delta; the interests in these fields are held by Seven Uquo Gas Limited ("SUGL") and Universal Energy Resources Limited ("UERL") respectively. The midstream gas business is owned by Accugas Limited, situated close by these upstream fields. More details of these assets are set out in the Annual Review of the Annual Report. All of these entities were wholly owned by the Seven Energy Group. As these assets and entities are largely interdependent due to gas supply arrangements between SUGL and Accugas, and oil processing between SUGL and UERL with Accugas, the separable assets and liabilities of these acquired entities have been shown as a single 'Cash Generating Unit'.

The transaction to acquire these assets involved both the equity owners of the Seven Energy Group and a number of the Seven Energy Group's secured creditors. On 7 February 2018, the Group finalised an exchange offer to acquire 96.04% of the Seven Energy Group's SSNs. These SSNs formed part of the ultimate purchase consideration for the assets and entities to be acquired from the Seven Energy Group as described above.

At the time of the purchase of these SSNs it was concluded that it did not grant 'control' over the Seven Energy Group or its management (as defined in IFRS 10), and therefore was recorded as a Long term financial receivable in accordance with IFRS 9. These SSNs were initially recorded at their fair value of US$88.96 million and then revalued to US$34.3 million at date of acquisition.

Also, during 2018 to the date of acquisition, the Savannah Group provided an interest bearing 'Liquidity facility' to Seven Energy International Limited for its ongoing working capital requirements. This facility was recorded within Other receivables and held at amortised cost. Subsequently, the balance outstanding at the date of acquisition was also contributed as part of the Group's purchase consideration for the Seven Energy Group's assets and entities.

In addition to the above SSNs and the liquidity facility contributed as part of the purchase consideration, the Company also issued equity shares and promissory notes to certain secured creditors of SEIL.

The Group issued a US$20 million senior secured note together with 90,666,308 equity shares for a combined cash inflow of US$20 million. This senior secured note included an embedded derivative call option and as such, the various components of the loan note, call option, equity shares and expenses had to be separated and fair valued on recognition. Accounting for the fair value of the different

components of the instruments issued in excess of the cash received amounted to US$21.0 million, as follows: debt value US$17.9 million plus value of equity US$31.2 million less US$20 million cash proceeds received, value of the call option US$7.1 million and transaction expenses of US$1.1 million. This was judged to be related to the initial exchange offer for the SSNs as described above. Consistent with the originally acquired SSNs that were contributed as part of the purchase consideration for the acquisition, this additional amount has also been included within the purchase consideration, as "Other purchase consideration". Additional equity consideration related to the issue of 25,972,677 shares amounted to US$9.2 million.

Set out below are the fair values of the separable assets and liabilities of the combined acquired entities together with the fair value of the purchase consideration.

			14 November 2019
			US$'000
Oil & gas and infrastructure assets			618,098
Other property, plant and equipment			1,114
Non-current assets			9,685
Deferred tax assets			200,456
Inventories			4,019
Trade receivables and other current assets			98,521
Cash and cash equivalents			10,471
			942,364
Trade and other payables			(84,364)
Current tax payable			(2,752)
Contract liabilities			(108,716)
Provisions			(104,925)
Borrowings			(531,863)
			(832,620)
Total identifiable net assets at fair value			109,744
Goodwill/(bargain purchase) arising on acquisition			(10,209)
Total fair value of consideration transferred			99,535

Consideration satisfied by:

			14 November 2019 US$'000
SSNs contributed			34,256
Loan to Seven Energy International Limited contributed			31,781
Promissory notes			3,273
Other purchase consideration			21,025
Equity shares			9,200
Total fair value of consideration transferred			**99,535**

The fair values of the oil and gas assets, and infrastructure assets were valued using an Income Approach – based upon future income streams associated with the underlying businesses which were then discounted at an appropriate market discount rate. Included within these asset categories (in Property, plant and equipment (note 8)) are the oil and gas reserves of the Uquo and Stubb Creek fields and the infrastructure assets of the Accugas midstream business.

The fair value of Trade receivables and contract assets acquired at acquisition have been stated net of any expected credit losses. Included within Provisions is an amount of US$5.1 million recognised on

acquisition for potential contingent liabilities associated with legal claims against the acquired Seven Energy Group entities.

Contract liabilities relate to amounts undertake-or-pay gas contracts. These represent amounts of invoiced gas not yet delivered to the customer. In order to fair value this liability, a forecast was made to estimate when this gas would be delivered based on expected customer demands, together with determining an estimated cost and appropriate margin of supplying this gas. This was then discounted using an incremental borrowing rate.

Overall the business combination resulted in a bargain purchase of US$10.2 million which was principally due to the financial distress position of SEIL and its subsidiaries as a result of a series of loan defaults from 2016 and the requirement to restructure all of the borrowings of the SEIL group that culminated in the disposal of the Seven Energy Group assets and entities to the Company, and the ongoing administration and liquidation proceedings of the rest of the SEIL group not acquired by the Company.

From the date of acquisition, 14 November 2019 to 31 December 2019, the acquisitions contributed the following amounts to the overall Group result:

	US$'000
Revenue	17,758
Loss before tax	(27,047)

If the acquisition of Savannah Nigeria had taken place at the beginning of the year, Group revenue and profit for the 2019 year would have been as follows:

	US$'000
Revenue	132,332
Loss before tax	(47,055)

There were no business combinations in 2018.

15. Trade and other payables

	2019	2018
As at 31 December	**US$'000**	US$'000
Trade payables	**48,800**	21,194
Accruals	**58,531**	1,827
Interest payable	**13,715**	—
VAT payable	**5,222**	—
Royalty and levies	**6,317**	—
Other payables	**1,314**	501
	133,899	23,522
Other payables- non-current	**7,500**	—
	141,399	23,522

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. All amounts are payable within one year.

Within Non-current liabilities is an amount within Other Payables amounting to US$7.5 million (2018: nil) relating to deferred consideration resulting from a loan note that was initially acquired via the acquisition of the Seven Energy Group, which was then acquired the Company for future settlement. The amount is due to be repaid by May 2021 and is interest bearing at 8% per annum.

16. Borrowings

			2019	2018
As at 31 December			**US$'000**	US$'000
Revolving credit facility			**9,914**	13,795
Bank loans			**388,209**	—
Senior secured notes			**115,833**	—
Other loan notes			**18,096**	1,076
			532,052	14,871

			2019	2018
As at 31 December			**US$'000**	US$'000
Current borrowings			**71,387**	14,871
Non-current borrowings			**460,665**	—
			532,052	14,871

The following borrowing arrangements are a combination of existing facilities and those that were acquired at the time of the acquisition of the Seven Energy Group.

In October 2019 the Company entered into a three-month loan facility for an amount of US$5,000,000 bearing a fixed interest charge over the life of the facility at a rate of 7% of the amount borrowed. This facility also gave the lender the right to convert the loan to equity shares if the amounts borrowed are not repaid at maturity. As a conversion option, this was deemed to be an embedded derivative and was required to be separated from the host contract and valued. As the amount was deemed immaterial no separate recognition was recorded. The balance as at 31 December 2019 was US$5.2 million.

Accugas Limited has a bank loan facility amounting to US$382.1 million. Repayments of principal commenced on 31 December 2019 and will continue semi-annually until the final maturity date of 31 December 2025. Principal repayment amounts are calculated as a variable percentage of the facility outstanding, increasing over the life of the facility, with 3% of the principal repayable in 2019 and a final principal repayment of 49% at final maturity in December 2025. This facility incorporates a cash sweep to accelerate repayments subject to certain minimum cash balances. The facility carries an interest rate of between 10%-12%, plus 3 month US LIBOR per annum to 31 December 2019, at which time the interest rate increases to between 10.43%-12.43%, plus 3 month US LIBOR per annum.

Seven Uquo Gas Limited has a term facility amounting to NGN 4.8 billion (US$13.2 million). Repayments of principal in amount of NGN180 million (US$0.5 million) are due semi-annually from 31 December 2019 and will continue until the final maturity date of 31 December 2026 at which time all unpaid principal is due. The loan carries an interest rate of 3 month NIBOR plus margin of 5% per annum. Seven Uquo Gas Limited also has a senior secured note of US$105 million. Repayments of US$4.2 million are due semi-annually and will continue until 30 June 2026, with the remaining balance due at the final maturity date of 31 December 2026. The loan carries an interest rate of 8%.

Accugas Holdings UK Plc has *a* promissory note of US$11.5 million. Repayments of principal in the amount of US$0.5 million will commence on 30 June 2021 and continue semi-annually until the final maturity date of 31 December 2025, at which time all unpaid principal is due. The loan carries a cash interest rate of 8% per annum, with a payment-in-kind interest option of 10% per annum.

Accugas Holdings UK Plc also issued a senior secured note of US$20 million on 14 November 2019. The term of the note is for repayment in full by 14 November 2025. The loan carries a cash interest rate of 6% per annum, with a payment-in-kind interest option of 8% per annum. The note also includes a voluntary prepayment redemption option whereby early repayment of the principal amount will result in a discount to the contractual loan value. Full repayment in the 12-month period from 14 November 2019 will result in a 50% redemption amount of the face value of US$20 million. The repayment amount will increase by 10% yearly, until the maximum amount redemption option is 100% in 2024. As an embedded derivative, this option is required to be separated from the host contract and valued separately. Initially, the fair

value of the note without any call option was calculated by discounting the future expected cash flows at a market yield. This resulted in an initial amortised value of US$17.9 million with an EIR of 8.73%; the loan accretion amount for the year amounted to US$47,000. The call option value was estimated using a synthetic American receiver swaption model, adjusting for additional cash repayments required for early exercise. The value of the option was estimated to be US$7.1 million and will be re-measured as FVTPL. The option has been recorded within Non-current borrowings. The amount at initial recognition and at 31 December 2019 was not material different.

In September 2018 the Company issued unsecured loan notes to the value of £620,000 at 10% premium. In December 2018 an additional premium of 25% was agreed on the loan notes. The balance at 31 December 2019 was US$1.0 million (2018: US$1.1 million).

In July 2017 the Group's Niger subsidiary, entered into a Euro denominated revolving credit facility with Orabank SA amounting to US$12.8 million (equivalent) bearing interest at 7.5% per annum. The balance at 31 December 2019 was US$9.9 million (2018: US$13.8 million).

17. Provisions

			2019	2018
			US$'000	US$'000
Decommissioning provision Other provisions			**104,408** **5,095**	— —
As at 31 December			**109,503**	—

The Group provides for the present value of estimated future decommissioning costs for certain of its oil and gas properties in Nigeria. These costs are updated annually based upon a review of both inflation and discount rates. Periodically, the Group will undertake a more detailed technical assessment by either internal or external specialists as appropriate. The amounts shown are expected to crystallise between 2038 and 2042.

			2019	2018
Decommissioning provision			**US$'000**	US$'000
As at 1 January			**—**	—
Provided during the year			**4,014**	—
Unwinding of decommissioning provision discount (note 5) Acquired on acquisition of subsidiaries			**564** **99,830**	— —
As at 31 December			**104,408**	—

Other provisions relate to amounts recognised on acquisition of the Seven Energy Group assets and entities. They reflect the fair value of expected contingent liability legal claims as required to be valued under IFRS 3: Business Combinations, the timing and outcomes of which remain uncertain.

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 with the customer.

	2019 US$'000	2018 US$'000
Amount due for delivery within 12 months	**3,942**	—
Amount due for delivery after 12 months	**118,052**	—
	121,994	—

	2019 US$'000	2018 US$'000
As at 1 January	**—**	—
Additional contract liabilities	**13,278**	—
Acquired on acquisition of subsidiaries	**108,716**	—
As at 31 December	**121,994**	—

Subsequent to the acquisition of the Seven Energy Group, additional contract liabilities were recognised as shown above; no amounts were utilised in the period from acquisition to the end of the year.

19. Net cash from operating activities

Group

	Year ended	Year ended
	31 December	31 December
	2019	2018
	US$'000	US$'000
Net loss for the year before tax	**(105,413)**	(24,608)
Adjustments for:		
Depreciation	**801**	312
Depletion	**8,850**	—
Gain on acquisition of a subsidiary	**(10,209)**	—
Finance income	**(1,378)**	(869)
Finance costs	**12,173**	1,413
Fair value movement	**54,664**	(4,953)
Net foreign exchange gain	**(815)**	—
Share option charge Expected credit loss on financial assets	**540** **431**	1,357 —
Operating cash flows before movements in working capital	**(40,356)**	(27,348)
Increase in other receivables and prepayments	**(8,458)**	(2,464)
Increase/(decrease) in trade and other payables	**22,823**	(2,629)
Increase in contract liabilities	**13,278**	—
Decrease in other assets	**390**	—
Income tax paid	**—**	(5)
Net cash outflow from operating activities	**(12,323)**	(32,446)

Included within the Net cash outflow from operating activities is an amount of US$15 million received from AIIM as a funding contribution to the Company's Transaction costs associated with the acquisition of the Seven Energy Group assets and entities. This is in addition to the US$39 million that AIIM invested directly into the newly acquired Seven Energy Group entities. This has been shown within Sale of a non-controlling interest in the Consolidated Statement of Cash Flows.

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

			Lease	
		Borrowings	**Liabilities**	**Total**
		US$'000	**US$'000**	**US$'000**
At 1 January 2019		14,872	—	14,872
Adoption of IFRS 16		—	5,056	5,056
Revised 1 January 2019		14,872	5,056	19,928
Cash flows				
Repayment		(16,380)	(302)	(16,682)
Proceeds		18,650	—	18,650
		2,270	(302)	1,968
Non-cash adjustments				
Acquisition of the Seven Energy Group		524,361	—	524,361
Accretion of interest		—	251	251
Foreign translation		—	565	565
Borrowing fair value adjustments		(2,366)	—	(2,366)
Net debt fees		(7,085)	—	(7,085)
At 31 December 2019		532,052	5,570	537,622

			Borrowings	Total
			US$'000	US$'000
At 1 January 2018			12,678	12,678
Cash flows				
Repayment			(6,931)	(6,931)
Proceeds			8,000	8,000
			1,069	1,069
Non-cash adjustments				
Net debt fees			1,125	1,125
At 31 December 2019			14,872	14,872

20. Events after the reporting period

In January 2020, the Group entered into a new interruptible gas sales agreement ("IGSA") with First Independent Power Limited ("FIPL") in relation to the provision of gas sales to the FIPL Afam power plant ("Afam"). FIPL is an affiliate company of Sahara Group, a leading international energy and infrastructure conglomerate with operations in over 42 countries across Africa, the Middle East, Europe and Asia. Afam has a current power generation capacity of 180MW. The FIPL IGSA envisages the supply of gas for a maximum daily nominated quantity of 35 mmscfd to Afam in order to augment its existing gas supply on an interruptible basis for an initial term of one year with the ability to extend upon mutual agreement.

Post the balance sheet date, macro-economic uncertainty has arisen due to the COVID-19 pandemic, which has generally impacted both oil and gas pricing, in addition to significant commodity market volatility relating to the global supply of oil. This volatility may have an impact on the Group's future earnings and cash flows but the Group has fixed price gas contracts and therefore is largely unaffected from general market price volatility for its gas contracts.

In addition, the significant estimates and judgements that will be made in preparing future financial statements may also be impacted if the current macro-economic uncertainty continues and estimates of long-term commodity prices and demand decrease. In particular, the estimated recoverable amounts of exploration and evaluation assets and property, plant and equipment would be lower and the headroom of recoverable amounts over respective carrying values would reduce. Based on current forecasts, the Group does not believe significant impairments would arise due to its focus on gas assets, as opposed to oil which has been more heavily impacted by the COVID-19 pandemic.